

Audit and Governance Committee – 20th July 2018

Audited Statement of Accounts 2017/2018

Report of the Head of Financial Management

1.0 PURPOSE OF REPORT

- 1.1 To provide members with the letters of Assurance required by the external auditor as part of the final accounts process and to present the Letter of Representation for 2017/2018.
- 1.2 To receive the Audit Completion Report received from Mazars LLP concerning the financial statements for 2017/2018, which provides their opinion on both the Council's Statement of Accounts and its arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money).
- 1.3 To provide an audited Statement of Accounts for 2017/2018, revised to take into account the auditor's findings, for approval by members of the Committee.

2.0 DESCRIPTION OF DECISION

- 2.1 Members are recommended to:
 - 2.1.1 Note the contents of the Letter of Assurance from those charged with governance (Appendix A) and the letter of Assurance from those charged with discharging management processes and responsibilities (Appendix B)
 - 2.1.2 Note the contents of the Letter of Representation (Appendix C)
 - 2.1.3 Note the contents of the Audit Completion Report (Appendix D) provided by Mazars LLP.
 - 2.1.4 Approve the Amended Audited Statement of Accounts for the financial year ended 31st March 2018 (Appendix E)
 - 2.1.5 Agree that, should any amendments to Statement of Accounts be required after the meeting of Audit and Governance Committee, but prior to the sign off on the 31st July 2018, these be agreed by the Head of Financial Management in conjunction with the Chair.

3.0 BACKGROUND

- 3.1 The draft accounts were circulated and published online by the 31st May 2018, meeting the new statutory deadline.
- 3.2 A Letter of Representation has to be prepared by the Section 151 Officer (or Deputy Section 151 Officer acting in the absence of a Section 151 Officer) which sets out the principles used in preparing the accounts and provides the external auditor with the necessary assurances required by regulation.
- 3.3 Mazars LLP, who are the Authority's external auditors, are required to report on the final accounts, and report other certain matters to Members prior to an opinion being provided on the Council's accounts.
- 3.4 Mazars LLP has audited the financial statements of the Council in accordance with the Local Audit and Accountability Act 2014, the Code of Audit Practice issued by the National Audit Office and International Standards on Auditing (ISA) issued by the Auditing Practices Board.
- 3.5 Once the Audit and Governance Committee has noted the contents of this report, Mazars LLP can then formally provide an opinion on the Statement of Accounts for the year ended 31st March 2018.
- 3.6 In line with Auditing standards, Mazars LLP produces an Audit Completion Report, in which the auditor's opinion is that the financial statements present a true and fair view of the financial position of the Council as at 31st March 2018 and its income and expenditure for the year then ended. The Audit Completion Report 2017/2018 is included at Appendix D on the Agenda. The Audit Completion Report is in addition to the Annual Audit Letter that will be issued in due course.
- 3.7 The revised Statement of Accounts 2017/2018 is set out at Appendix E on the agenda for approval, with a list of amendments made since the draft accounts at Appendix F.

4.0 KEY MESSAGES

- 4.1 The full communication is included in the Audit Completion Report. The report is positive and in summary concludes that:
 - The auditors propose issuing an unqualified opinion, without modification, on the financial statements;
 - The auditors anticipate concluding that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources, except for the areas that were assessed as inadequate by Ofsted in their report on children's services in July 2015.

- The auditors anticipate completing the work on the Whole of Government Accounts (WGA) submission by the deadline of 31 August 2018 and anticipate reporting that the WGA submission is consistent with the audited financial statements.
- No objections or questions have been received by the auditors from local electors during the audit.

4.2 On the basis of the amendments agreed with the external auditors, Mazars LLP will formally provide an opinion on the amended Statement of Accounts, on or before the 31st July, by which time the Council is required to publish its Audited Statement of Accounts for 2017/2018 and place the audited accounts on its web site appropriately signed by the Chair of this Committee and re-signed by the Section 151 Officer in line with reporting requirements set out in the Accounts and Audit Regulations 2015.

