

GOVERNANCE COMMITTEE MEETING - 30 JULY 2018

SUBJECT: AUDITED STATEMENT OF ACCOUNTS 2017/2018

REPORT OF THE STRATEGIC FINANCE MANAGER

1. BACKGROUND

- 1.1 The Authority's Statement of Accounts 2017/2018 (subject to audit) were produced by the statutory deadline of 31st May 2018, and copies were sent by e-mail to all members of the Committee at that time for information and to allow members to both digest and challenge any areas of the accounts they so wished. In accordance with the regulations the Statement of Accounts and the required supporting papers were also lodged on the Authority's website on 31st May 2018 to inform the public of their rights to inspect and challenge the published Statement of Accounts 2017/2018 subject to audit.
- 1.2 There was a planned Governance Committee meeting for 27th May 2018, however reluctantly this had to be cancelled as work was still ongoing with the Accounts to ensure the Authority could meet the statutory deadline of 31st May 2018.
- 1.3 Members will be aware that Mazars LLP (our external auditors) are required to report on the final accounts and report certain matters to Members prior to an audit opinion being provided on the Authority's accounts.
- 1.4 Mazars LLP have audited the financial statements of the Authority under 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.
- 1.5 Once Governance Committee has approved the Letter of Representation (**item i**), noted the contents of the External Auditors 'Audit Completion Report' (**item ii**), and approved the amended Statement of Accounts (**item iii**), Mazars LLP can then formally provide an opinion on the Statement of Accounts for the year ended 31st March 2018.

2 PURPOSE OF THE REPORT

- 2.1 To present the Letter of Representation for 2017/2018, to receive the Audit Completion Report received from Mazars LLP concerning the financial statements for 2017/2018 and which also provides their opinion on both the Authority's Statement of Accounts and its arrangements for securing economy, efficiency and effectiveness in its use of resources (Value for Money).
- 2.2 To provide an audited Statement of Accounts for 2017/2018. These have been revised to take into account the auditor's findings, for approval by members of this Committee. A complete list of the amendments is to be set out in Appendix A to this report for information.

3 STATEMENT OF ACCOUNTS 2017/2018

- 3.1 A Letter of Representation has to be prepared by the Finance Officer which sets out the principles used in preparing the accounts and provides the external auditor with the necessary assurances required by the accounts and audit regulations (this is shown as **Item i** to this report).
- 3.2 In line with Auditing standards, Mazars LLP produces an Audit Completion Report (**Item ii**), in which the external auditor's opinion is given on whether the financial statements give a true and fair view of the financial position of the Authority as at 31st March 2018 and on its income and expenditure for the year then ended.
- 3.3 This communication from the auditors is in addition to the Annual Audit Letter, which will continue to be presented to the full Authority and to the Governance Committee annually.
- 3.4 The amended Statement of Accounts reflects all of the changes identified during the audit process and Mazars LLP is to formally provide an unqualified opinion on the audited Statement of Accounts before the end of July 2018 in accordance with the revised regulations. The key messages from the audit are set in Section 4 of this report for information.
- 3.5 Following the audit, the amended Statement of Accounts 2017/2018 will be set out in **Item iii** (which will be sent out separately once the audit work has been completed) and will include a number of changes identified from the audit, which will be detailed at **Appendix A**, (which is also to be sent out separately once finalised).

4 KEY MESSAGES

- 4.1 The full communication is included in the Audit Completion Report. The report is very positive and in summary shows that:
- the external auditors propose to issue an unqualified audit opinion on the financial statements;
 - all misstatements identified during the audit have been amended by management;
 - the external auditors have not identified any material weaknesses in the accounting and internal control systems;
 - the external auditors have not identified any matters required by international auditing standards that should be communicated to Members;
 - the external auditors have not identified any other relevant matters relating to the audit that need to be brought to Members attention;
 - the external auditors have reported that the Authority is also to receive an unqualified Value for Money Conclusion, which confirms that the Authority has proper arrangements in place for securing economy, efficiency and effectiveness in its use of resources for the year ended 31st March 2018.
- 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, by 31st July in accordance with the new regulations. The Authority is also required to publish its Audited Statement of Accounts for 2017/2018 on its web site by 31st July 2018 appropriately signed by the Chair of this Committee and re-signed by the Finance Officer in line with the reporting requirements set out in the Accounts and Audit Regulations 2015.

5. RECOMMENDATIONS

- 5.1 Members are requested to:
- a) Approve the Letter of Representation (Item i),
 - b) Note the contents of the External Auditor's Audit Completion Report (Item ii),
 - c) Approve the amended Audited Statement of Accounts for the Financial Year ended 31st March 2018 (Item iii).

