

REPORT TO: AUDIT AND STANDARDS COMMITTEE

DATE: 25 NOVEMBER 2020

TITLE: AUDIT RESULTS REPORT 2018/19 (ISA 260)

LEAD OFFICER: SIMON FREEMAN, DEPUTY TO THE CHIEF EXECUTIVE AND HEAD OF FINANCE & PROPERTY SERVICES (01279) 446228

RECOMMENDED that the Committee:

- A** Reviews the Audit Results Report alongside the approval of the Statement of Accounts reported to this meeting.
- B** Notes the Value for Money assessment of the Council's use of resources as contained within the attached report from the Council's appointed Auditor.

BACKGROUND

1. The report attached as Appendix 1 has been prepared by the Council's appointed auditor as required by the Audit Commissions Code of Audit Practice. The External Auditor will update Members at this meeting on the outcome of the audit. This is a report to those charged with governance on the work the auditor has carried out during the 2018/19 audit and covers:
 - a) The Council's Financial Statements;
 - b) The Value for Money Assessment;
 - c) The Whole of Government Accounts returns (for which the Council falls below the threshold that would otherwise require detailed audit review); and
 - d) The Audit Report.

ISSUES/PROPOSALS

Financial Statements

2. The audit process relating to the 2018-19 Statement of Accounts has been protracted. A number of issues in the Statement have been identified and corrected, in particular, the incorrect treatment of debtors and creditors; the treatment of the HTS pension liability (still under review); the incorrect classification of some HRA expenditure; and the accounting treatment of some property, plant and equipment. Although there is some work outstanding, the auditor anticipates issuing an unmodified opinion on the financial statements.

3. The appointed auditor will update the Committee at its meeting on 25 November 2020 on the final stages of the audit and any matters that require to be drawn to the Committee's attention.

Internal Control and Written Representations

4. The report highlights that there have been some areas of concern identified in the design or operation of internal controls that might result in a material error in the Statement of Accounts. It also confirms that the Auditor is satisfied with the draft Annual Governance Statement, which was approved at the Committee meeting on 11 September 2019.
5. The appointed auditor has requested a management letter of representation in which the Deputy to the Chief Executive and Head of Finance & Property Services (DCE&HFP), as the Council's Section 151 Officer, provides information on matters which the auditor does not have sufficient audit evidence. Although approval of the letter is currently delegated to DCE&HFP it is felt that, given the period of time that has elapsed and the significant audit amendments required, the Committee should give final approval. The letter is reported in draft form elsewhere on the Committee's agenda, pending subsequent approval of the Accounts by the Committee.

Council's Use of Resources

6. The report identifies that, having carried out the assessment of the Council's use of resources the appointed auditor anticipates issuing an unmodified conclusion on its efficacy.

Conclusions

7. The Audit Results Report summaries the auditor's conclusions in respect of the Statement of Accounts 2018/19.

IMPLICATIONS

Community Wellbeing

None specific.

Author: Jane Greer, Head of Community Wellbeing

Finance

The Audit Results Report provides important information relating to the Council's Statement of Accounts and its Use of Resources conclusion provided by the appointed auditor.

Author: Simon Freeman, Deputy to the Chief Executive and Head of Finance & Property Services

Housing

None specific.

Author: Andrew Murray, Head of Housing

Environment and Planning

None specific

Author: Andrew Bainbridge, Head of Environment and Planning

Governance

The report provides independent assessment of the Council's governance arrangements in its assessment of the Annual Governance Statement.

Author: Simon Hill, Head of Governance

Appendices

Appendix 1 – BDO LLP – Draft Audit Results Report IAS 260 for the year ended 31 March 2019

Background Papers

None.

Glossary of terms/abbreviations used

DCE & HFP - Deputy to the Chief Executive and Head of Finance & Property Services