

**REPORT TO:** **AUDIT AND STANDARDS COMMITTEE**

**DATE:** **16 JUNE 2021**

**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 of the 2018-19 Statement of Accounts has been a protracted process. 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; the incorrect classification of some HRA expenditure; and the accounting treatment of some property, plant and equipment. The auditor anticipates issuing an unmodified opinion on the financial statements.

3. The appointed auditor will update the Committee at its meeting on 16 June 2021 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 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, provided information on matters which the auditor did not have sufficient audit evidence. Although approval of the letter is currently delegated to DCE&HFP it was felt that, given the period of time that had elapsed and the significant audit amendments required, that this Committee should give final approval. This management letter was considered by the Committee at the meeting on 25 November 2020.

### **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 summarises 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