

 Finance and Audit Scrutiny Committee 20 September 2016		Agenda Item No. 3
Title	Audit Findings Report from External Auditor	
For further information about this report please contact	Mike Snow Tel 01926 456800 Marcus Miskinis Tel 01926 456804	
Wards of the District directly affected	None	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number		
Background Papers	Statement of Accounts on 21 September 2016 Council Agenda	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality & Sustainability Impact Assessment Undertaken	N/A

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive	12/9/2016	Chris Elliott
Head of Service	12/9/2016	Head of Finance
CMT		
Section 151 Officer	12/9/2016	Mike Snow
Monitoring Officer	12/9/2016	Andy Jones
Finance	12/9/2016	Accountants
Portfolio Holder(s)	12/9/2016	Peter Whiting

Consultation & Community Engagement	
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.	
Final Decision?	Yes
Suggested next steps (if not final decision please set out below)	

1. SUMMARY

- 1.1 The Council's external auditors, Grant Thornton, have now issued their Audit Findings Report in respect of 2015/16, which is attached. Their audit of the 2015/16 Statement of Accounts is substantially complete, although some work is being finalised; the auditors anticipate issuing an unqualified audit opinion. The audited accounts are due to be agreed by full Council on 21 September, following which they will be published ahead of the 30 September deadline.

2 RECOMMENDATION

- 2.1 That the Finance and Audit Scrutiny Committee:
- a. Notes the 2015/16 Audit Findings Report (Appendix A); and
 - b. Approves the letter of representation (Appendix B), on behalf of the Council before the District Auditor issues his opinion and conclusion.

3 REASONS FOR THE RECOMMENDATION

- 3.1 The Finance and Audit Scrutiny Committee, as the Council's audit committee, is expected to consider the Audit Findings Report. Under the International Standard on Auditing 260, the Council's External Auditors, Grant Thornton, are required to report on their findings from the 2015/16 audit. This is included as Appendix A. This report identifies the key issues that members should consider before the auditors issue their opinion, conclusion and certificate.
- 3.2 Some minor changes were proposed to the original Statement of Accounts prepared in June. All changes have been included within the Statement of Accounts due to be approved by Council on 21 September.
- 3.3 Whilst work is still on-going on the audit at the time of writing this report, the auditors anticipate issuing an unqualified audit opinion on the accounts.
- 3.4 The auditors have not been able to certify the completion of the 2013/14 or 2014/15 audits due to them not having been able to conclude their work on one of the four objections received in respect of the 2013/14 accounts. As the related expenditure has continued into 2015/16, the audit for this year cannot similarly be concluded at this stage. No objections have been received in respect of the 2015/16 accounts.
- 3.5 The Council also needs to provide a Letter of Representation to the auditors before they will issue their opinion. The draft letter is included as Appendix B.
- 3.6 As at the time of writing this report, the responses to the Action Plan within the Audit Findings report have not been concluded. These will be circulated to members ahead of the meeting of the Finance & Audit Scrutiny Committee.

4 POLICY FRAMEWORK

- 4.1 **Policy Framework** – By considering and scrutinising the report members are acting in accordance with the priority of managing services openly, effectively and efficiently.
- 4.2 **Fit for the Future** – This report has no direct impact on Fit for The Future as it is a review of the past year's performance.

BUDGETARY FRAMEWORK

- 4.3 The Audit Findings Report is a review of the financial performance of the year 2015/16 and has no direct impact on budgets. The changes to the accounts arising from the Audit Findings Report do not have any effect on the Council's overall financial standing.
- 4.4 The planned cost of the audit was £53,263 as reported in April 2016 to the Committee. Grant claims are estimated to cost £9,540 for which this work is still on-going so a final figure cannot be given as yet. The Council will also incur an additional cost for the audit of the Pooling of Housing Capital Receipts return (£3,000 fee) which is outside of the scope of the grant certification figure quoted above.
- 4.5 A further report will be presented from Grant Thornton on the audit of the Grant Claims.

5 RISKS

- 5.1 That the objection still outstanding to the accounts are upheld by the external auditor. Discussions are currently ongoing with the external auditor to address the issues raised.

6 ALTERNATIVE OPTION(S) CONSIDERED

- 6.1 No alternatives have been considered.

7 BACKGROUND

- 7.1 The Statement of Accounts were duly prepared by the required date of 30 June 2016, and signed by the Responsible Financial Officer. These were subsequently presented to the Finance and Audit Scrutiny Committee in July for consideration. The audit of the accounts by Grant Thornton commenced in August. Details of the Audit Plan were presented to the Committee April.
- 7.2 The main issue arising from the Audit Findings Report is the auditor's anticipation of issuing an unqualified opinion on the 2015/16 Accounts. Whilst there are some minor changes proposed to the unaudited Accounts that members considered in July, these are not believed to be significant and not untypical for any local authority given the complexity of the accounting requirements.
- 7.3 Other adjustments to the accounts have been made as discussed on pages 20 and 21. None of these have had any impact on the Council's available resources.
- 7.4 The Audit Findings Report also includes details of the Value For Money Conclusion for 2015/16. The report states that in all significant respects the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2016.
- 7.5 The auditors have had further discussions with officers over the length of the accounts, with a view to seeking further reductions. Officers will continue to work with the auditors to agree where it is possible to make such reductions.