

## **2016/17 ACCOUNTS – AUDIT FINDINGS**

<u>Report of the:</u>	Acting Director of Finance and Resources
<u>Contact:</u>	Lee Duffy / Brendan Bradley
<u>Urgent Decision?(yes/no)</u>	Yes
<u>If yes, reason urgent decision required:</u>	Requirement to certify accounts by 30 September 2017
<u>Annexes/Appendices (attached):</u>	<b>Annexe 1:</b> Audit Findings <b>Annexe 2:</b> Financial Statements 2016/17 <b>Annexe 3:</b> Letter of Representation
<u>Other available papers (not attached):</u>	Draft Financial Outturn reported to Strategy and Resources Committee 27 June 2017

### **REPORT SUMMARY**

**This report covers Grant Thornton's audit findings and presents the Financial Statements for 2016/17 following the external audit of the accounts.**

<b><u>RECOMMENDATION (S)</u></b>	<i>Notes</i>
<p><b>That the Committee:-</b></p> <ol style="list-style-type: none"> <li><b>(1) Receives the Audit Findings for 2016/17;</b></li> <li><b>(2) Receives the Financial Statements for the year ended 31 March 2017;</b></li> <li><b>(3) Agrees the management action in response to audit recommendations</b></li> <li><b>(4) Agrees that the Chairman of Strategy and Resources Committee and the Director of Finance and Resources sign the Letter of Representation on behalf of the Council.</b></li> <li><b>(5) Delegates any further amendments to the Financial Statement for the year ended 31 March 2017 to the Acting Director of Finance and Resources in consultation with the Chairman of Strategy and Resources Committee.</b></li> <li><b>(6) Accepts the proposed re-appointment of Grant Thornton as the Council's external auditor for five years from 2018/19 to 2022/23.</b></li> </ol>	

## **1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy**

- 1.1 There is no specific key priority covering the Financial Statements or the annual audit.

## **2 Background**

- 2.1 The Council's financial performance for 2016/17 was reported to this committee on 27 June 2017. A copy of the draft unaudited Financial Statements was made available to Members and was placed on the Council's website.
- 2.2 Grant Thornton, the Council's external auditor, has now issued their Audit Findings following the completion of the audit of the Financial Statements. The report is attached at **Annexe 1**.
- 2.3 The Audit Findings report will be presented to the Committee by a senior officer from Grant Thornton, who will also answer any questions members may have on the audit.
- 2.4 The audited Financial Statements are included in **Annexe 2** to this report. **Members are requested to raise any detailed queries with the Acting Director of Finance and Resources prior to the meeting.**
- 2.5 The Council is signed up to the national auditor appointment scheme, run by Public Sector Audit Appointments Ltd (PSAA). PSAA has proposed the re-appointment of Grant Thornton as external auditor for five years from 2018/19. PSAA indicate that the average Council will see a reduction in audit fees in the region of 18% for 2018/19. The Council can either accept or object to the proposed appointment. Members are advised to accept, as continuity of auditor will assist the Council in efficiently closing the accounts.

## **3 Outcome of Audit**

- 3.1 The following specific points are made in the report:-
- 3.1.1 The Auditors anticipate an unqualified opinion on the Council's Financial Statements.
- 3.1.2 Any material adjustments required have been agreed and implemented and they did not affect the Council's reported outturn position or cash reserves.
- 3.1.3 The auditor plans to issue an unqualified conclusion on Value for Money

## **4 Action Plan**

- 4.1 Appendix A of the Audit Findings report includes recommendations where management action has been agreed with the auditors

## 5 Proposals

5.1 The Committee is asked to:-

- Receive the Audit Findings for 2016/17;
- Receive the Financial Statements for the year ended 31 March 2017;
- Agree the management action in response to audit recommendations
- Agree that the Chairman of Strategy and Resources Committee and the Director of Finance and Resources sign the Letter of Representation on behalf of the Council
- Delegate any further amendments to the Financial Statements for the year ended 31 March 2017 to the Director of Finance and Resources in consultation with the Chairman of Strategy and Resources Committee.
- Accept the re-appointment of Grant Thornton as the Council's external auditor for five years from 2018/19 to 2022/23.

## 6 Financial and Manpower Implications

- 6.1 On 27 June 2017, the Committee received a summary of the General Fund position for 2016/17 and the financial reserves as 31 March 2017. The Committee also received details of expenditure on the capital programme. There have been no changes made to the reported financial position.
- 6.2 An update on the Council's financial standing is contained in the Budget Targets report on this agenda.
- 6.3 **Chief Finance Officer's comments:** *The audit fee of £44,708 is within the budget previously reported. The Financial Statements are extensive and detailed so please raise any queries regarding Annexe 2 prior to the Committee meeting.*

## 7 Legal Implications (including implications for matters relating to equality)

- 7.1 **Monitoring Officer's comments:** *The requirements for external audit are set out in the executive summary of the Audit Findings report.*

## 8 Risk Assessment

- 8.1 The external audit contributes towards effective corporate governance of the Council.

## 9 Conclusion and Recommendations

- 9.1 The external auditors propose an unqualified opinion on the Council's Financial Statements.
- 9.2 The Financial Statements will be published following signature and certification.

**WARD(S) AFFECTED: ALL**