

Meeting:	Audit and governance committee
Meeting date:	Monday 30 July 2018
Title of report:	External audit findings report - 2017/18 statement of accounts
Report by:	Chief finance officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To consider the external auditors audit finding report for the year ended 31 March 2018.

This is one of a number of reports which the committee receives in order that it may provide independent assurance on the adequacy of the risk management framework together with the internal control of the financial reporting and annual governance processes.

Recommendation(s)

That:

- (a) the report of the external auditor attached at appendix A be considered; and**
- (b) the committee determine whether any issues raised in the report require inclusion in the committee's future workplan.**

Alternative options

1. There are no alternative options to receiving the report.
2. It is open to the committee to determine its future work programme to enable it to provide assurance on the adequacy of the council's risk management, financial reporting and annual governance processes. It is also open to the committee to comment on the scope and depth of external audit work and to ensure it gives value for money

Key considerations

3. This year the statutory external audit deadline has been accelerated by two months, to 31 July. The external audit findings report is attached at Appendix A details the work completed to date. Work will continue until the committee meeting on 30 July 2018.
4. The external auditor provides an independent opinion as to whether the group and council's financial statements give a true and fair view of the group's council's financial position and of the group and council's expenditure and income for the year, and have been properly prepared. Subject to completion of the outstanding work and finalisation of the position on Plant, Property and Equipment, Grant Thornton anticipate issuing an unqualified audit opinion following the Audit and Governance Committee meeting on 30 July 2018.
5. In addition the external auditor concludes the council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion). The council has recently had an Ofsted inspection of children's services and the final report is expected to be published before the statutory deadline for the accounts. The outcome of the inspection will provide 'significant new information', which under the Cipfa Code, Grant Thornton should consider before forming a value for money conclusion. Grant Thornton expect to communicate any impact on our value for money conclusion by the 30 July 2018 Audit and Governance Committee.
6. The audit findings report includes an action plan agreed by the section 151 officer to enable improvements to be made for 2018/19.

Community impact

7. In accordance with the code of corporate governance to support effective accountability the council is committed to reporting on actions completed and outcomes achieved, and ensuring stakeholders are able to understand and respond as the council plans and carries out its activities in a transparent manner. External audit contributes to effective accountability.

Equality duty

8. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
9. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

10. There are no financial implications arising from this report. However, the annual audit fee is agreed at £124k and the agreed action plan is not expected to generate additional cost or resourcing. If any further charges were proposed by Grant Thornton this would be reported to the audit and governance committee.

Legal implications

11. The external audit opinion considered whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and applicable law. An unqualified external audit opinion has been expressed.
12. In accordance with section 20 of the Local Audit and Accountability Act 2014 (the Act) the external auditor must be satisfied (a) that the accounts comply with the requirements of the enactments that apply to them, (b) that proper practices have been observed in the preparation of the statement of accounts, and that the statement presents a true and fair view, and (c) that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
13. On conclusion of the audit the auditor must enter on the statement of accounts (a) a certificate that the auditor has completed the audit in accordance with the Act, and (b) the auditor's opinion on the statement.
14. The council must by not later than 31 July publish (which must include publication on the authority's website), any certificate or opinion, entered by the auditor in accordance with section 20 of the Act.

Risk management

15. The council's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control. The external audit is not designed to test all internal controls or identify all areas of control weakness, however, if external audit identify any control weaknesses, these are reported. The external audit work has not identified any control weaknesses.

Consultees

16. None

Appendices

Appendix A – 2017/18 external audit findings report

Background papers

None identified