

# Audit Committee

17 October 2017



<b>Title</b>	External Audit Report on the 2016/17 Audit and Statement of Accounts		
<b>Purpose of the report</b>	To note		
<b>Report Author</b>	Terry Collier		
<b>Cabinet Member</b>	Councillor Howard Williams	<b>Confidential</b>	No
<b>Corporate Priority</b>	Financial Sustainability		
<b>Recommendations</b>	<p>The Audit Committee is asked to note the External Auditor's 2016/17 audit report (Appendix A).</p> <p>That the Chief Finance Officer and Chairman of the Committee sign the Statement of Accounts.</p> <p>That the Audit Committee notes the draft officer responses to the recommendations made in Appendices 1 and 2 of the Auditors report.</p>		
<b>Reason for Recommendation</b>	The Committee has the delegated authority to sign off the audited Statement of Accounts		

## 1. Key issues

- 1.1 External auditors appointed by the National Audit office, KPMG, are required, in accordance with international auditing standards, to annually report to the Council on:
  - Their opinion on the Statement of Accounts
  - Any uncorrected items in the Statement of Accounts
  - Qualitative aspects of the Council's accounting practices and financial reporting
  - The Annual Governance Statement
  - Their annual Value for Money conclusion
- 1.2 They also report annually on their audit of the Council's accounting and internal control systems.

- 1.3 The KPMG report on the 2016/17 audit is attached as Appendix A Financial Statements
- 1.4 The final version of the Statement of Accounts, reflecting the amendments required by the external auditors, is attached as Appendix B. It has been a challenging Statement of Accounts process this year both for the Accountancy team and for the auditors. This is largely as result of the team losing both the Deputy Chief Accountant and then the Chief Accountant and some issues with the interim cover brought in. The Council now has in place an experienced permanent chief accountant and a permanent deputy chief accountant with a good range of technical accounting experience. The Chief Finance Officer, working with the Chief Accountant and Deputy Chief Accountant will ensure that lessons are applied from this year's process and that there is a smooth close down process for 2017-18.,
- 1.5 KPMG report that the Annual Governance Statement is Satisfactory.
- 1.6 KPMG set out recommendations on improvements to be made for future processes which are set out on pages 14 to 19 along with the management responses.

#### **Value for Money**

- 1.7 As result of the additional work generated to review the arrangements and impact of the large BP site acquisition KPMG are still concluding their work reviewing to confirm that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

#### **Options analysis and proposal**

- 2.0 That the Deputy Chief Executive in his role as the statutory Chief Financial Officer, and the Chairman of the Audit Committee sign the draft letter of representation.
- 2.1 That the Committee note the recommendations made in Appendices 1 and 2, of the auditor's report and draft responses made by Officers. Progress on implementation will be reported back future meetings of the Committee

### **3 Financial implications**

There are none.

### **4, Other considerations**

- 1.1 There are none.

### **5 Timetable for implementation**

As per the responses set out to the recommendations.

**Background papers: None**

**Appendices: Appendices:**

A- KMPG Report

B- Audited Statement of Accounts 2015/16