

# Audit Committee

05 February 2019



<b>Title</b>	External Audit Report on the 2016/17 Audit and Statement of Accounts		
<b>Purpose of the report</b>	To make a decision		
<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 Appendix 1 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 Public Sector Auditor Appointments (PSAA), 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 KPMG produced a draft ISA260 report and presented to the Audit Committee in October 2017. At that stage KPMG did not feel they were in a position to

sign off due to their Value For Money work on the BP campus acquisition not being completed. That work is now complete and KPMG have issued their opinions on the 2016/17 Accounts and on the Value for Money Statement. The KPMG revised draft report on the 2016/17 audit is attached as Appendix A Financial Statements. As the KPMG report refers, in the summer of 2017 the Council had significant turnover in its Accountancy team, losing both its Chief Accountant and Deputy Chief Accountant, this did result in some issues with the delivery in summer 2017 of the draft Statement of Accounts. Since then permanent members of staff have been appointed to those posts and two additional posts added to the Accountancy team.

- 1.4 The final version of the Statement of Accounts, reflecting the amendments required by the external auditors, is attached as Appendix B.
- 1.5 KPMG report (page 4 of the report) that the Annual Governance Statement complies with CIPFA Delivering Good Governance guidance.
- 1.6 KPMG make six recommendations (pages 22-25 of their report) arising from their statement of accounts audit. These have been addressed by management and management responses are set out. The report (pages 26-27) identifies two prior year recommendations which in their view require further action.

**Value for Money (section 3 of the Auditors report).**

- 1.7 As reported to the July 2018 Audit Committee, the External Auditors are issuing a non-standard qualified opinion, making four recommendations on the BP acquisition process, these are set out on pages along with the Management response.

**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. Appendix C.
- 2.1 That the Committee note the recommendations made in 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 2016/17

C – Management Letter of Representation