

# Audit Committee

29 September 2016



<b>Title</b>	External Audit Report on the 2015/16 Audit and Statement of Accounts		
<b>Purpose of the report</b>	To note		
<b>Report Author</b>	Adrian Flynn		
<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 2015/16 audit report (Appendix A). That the Chief Finance Officer sign the letter of representation attached as (Appendix C).</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>		

## 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 2015/16 audit is attached as Appendix A.  
Financial Statements (Section Three, pages 6 to 11; and Appendix 3 page 18)

- 1.4 The final version of the Statement of Accounts, reflecting the minor amendments required by the external auditors, is attached as Appendix B. One audit adjustment was identified but has not been implemented as it has been agreed with KPMG that it is not material.
- 1.5 KPMG anticipate issuing an unqualified audit opinion by 30 September 2016. In addition they will report that the Annual Governance Statement is satisfactory and not misleading or inconsistent with other information gathered from the audit.

#### **Value for Money (Section Four, page 12)**

- 1.6 KPMG concluded that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

#### **Other Matters**

- 1.7 The report confirmed that the overall control environment was effective. Key financial systems are generally sound and the auditors made 3 recommendations, one around completeness of related parties, one around the completeness of accruals and the third one regarding the frequency and timing of reconciliations. The management responses to the recommendations are set out on pages 14 and 15.

## **2. Options analysis and proposal**

- 2.1 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.
- 2.2 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**

- 3.1 There are none

## **4. Other considerations**

- 4.1 There are none

## **5. Timetable for implementation**

- 5.1 As per the responses set out to the recommendations.

**Background papers: None**

**Appendices: KMPG Report  
Audited Statement of Accounts 2015/16  
Letter of Representation.**