

STATEMENT OF ACCOUNTS 2017/18 - OUTCOME OF EXTERNAL AUDIT

Audit Committee - 19 July 2018

Report of Chief Finance Officer

Status: For Decision

Key Decision: No

Executive Summary: This report sets out the external audit findings of the 2017/18 accounts.

Portfolio Holder Cllr. John Scholey

Contact Officers Adrian Rowbotham Ext. 7153
 Alan Mitchell Ext. 7483

Recommendation to Audit Committee that

- a) the Statement of Accounts 2017/18 be approved.
 - b) the letter of representation (Appx B) be approved and signed by the Chairman
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Introduction and Background

- 1 A draft statement of accounts was reviewed by a working group from the Audit Committee on 25 June 2018.
- 2 The external audit of the accounts began on 4th June and the Audit Findings Report in Appendix A sets out the findings and the changes to the accounts agreed as part of the process. The report also sets out the auditor's Value for Money (VfM) conclusion for 2017/18.
- 3 The external auditors, Sarah Ironmonger and Sebastian Evans from Grant Thornton, will attend the meeting to discuss their report on the 2017/18 audit. The accounts are required to be signed off by the end of 31st July 2018.
- 4 The Audited Statement of Accounts 2017/18 is attached as Appendix D.
- 5 A copy of the letter of representation from the Council to the external auditors is attached as Appendix B.

- 6 The format of the statement is similar to 2016/17 and has been compiled in line with International Financial Reporting Standards (IFRS), there was no new significant reporting requirement for 2017/18.

Review by Working Group

- 7 At the meeting of the working group on 25th June, the Head of Finance explained the most important items in the statement and provided answers to detailed questions raised by Members.
- 8 Members examined the Statement of Accounts and the Narrative Statement and the report of the working group is appended to this report as Appendix C

Commentary on the Auditor's Report

Audit Findings

- 9 Grant Thornton have stated that the accounts give a true and fair view of the Council's financial position, and have been properly prepared in accordance with the Code of Practice.
- 10 No adjustments were identified that affected the Council's reported financial position and no changes were required to the major statements. The audit was completed within the proposed fee of £43,156, and Grant Thornton have reported that the quality of the draft statements presented for audit was good and free of errors.
- 11 The accounting policies, estimates and judgements have been reviewed and all the indicators are green.
- 12 The changes required to the accounts are explained below:
- a. In Note 20, Unusable reserves a mapping error in the preparation of the note meant that amounts of non-current assets written off on disposal or sale were understated and the corresponding adjustment to the revaluation reserve was overstated. This also effected another part of the note which shows the Capital Grants and Contributions credited to the Comprehensive Income and Income Statement that have been applied to capital financing. This error was isolated to this note and did not affect any of the core statements. The error was identified by SDC Finance who notified the auditors and provided the correct note for them to audit;
 - b. In Note 17, Creditors and Receipts in Advance the figures for Council Tax and Non Domestic Rates were combined into a single figure £717k (£596k PY) whereas they should have been shown separately as Council Tax £294k (£304k PY) and Non Domestic Rates £423k (£292k PY). This error was isolated to the note and did not impact on any of the core statements.

- c. Note 12, Financial Instruments incorrectly excluded £486k of Trade Payables from the 'financial liabilities' category. This error was isolated to the note and did not impact on any of the core statements.

Value for Money

- 13 Grant Thornton have issued an unqualified conclusion to our arrangements for Value for Money. They are satisfied that in all significant respects the Authority has put in place proper arrangements for securing economy efficiency and effectiveness in its use of resources for year ended 31 March 2018.
- 14 Grant Thornton consider the Councils risk management arrangements to be adequate and they have noted a good level of challenge and discussion around the level of risk assigned to the Property Investment Strategy.

Summary

- 15 We would like to express our thanks to Grant Thornton for their efforts in completing the required audit work in time for reporting to this Committee.
- 16 The Finance Team completed the 2017/18 financial statements 2 weeks before the new shorter deadline of May 2018, some 6 weeks quicker than last year.

Key Implications

Financial

There are no financial implications.

Legal Implications and Risk Assessment Statement.

Under section 151 of the Local Government Act 1972 the section 151 officer has statutory duties in relation to the financial administration and stewardship of the authority.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

Members will note that there are no material issues to be brought to the attention of the Committee and that the external auditor expects to issue an unqualified opinion on the financial statements and value for money conclusion.

Appendices

Appendix A - Grant Thornton Audit Findings
Report 2017/18

Appendix B - Letter of Representation

Appendix C - Report from the Working Group

Appendix D - Audited Statement of Accounts
2017/18

Background Papers:

None

Adrian Rowbotham
Chief Finance Officer