

**Notes from the Audit Committee Working Group meeting, 25<sup>th</sup> June 2018**

**In Attendance:**

**Members:** Cllr. M. McArthur (Chair)

Cllr. J. Grint

Cllr. S. Reay

**Officers:** A. Rowbotham, Chief Finance Officer

A. Mitchell, Head of Finance

V. Wilson, Principal Accountant

**Apologies:** Cllr. J. Scholey

In Cllr Scholey's absence, Cllr McArthur agreed to chair the working group meeting; Members were thanked for their involvement in the group.

The Head of Finance provided Members with an update in relation to the 17/18 accounts process and external audit work that had been undertaken. The accounts were completed on 24<sup>th</sup> May 2018, ahead of the 31<sup>st</sup> May deadline and some 6 weeks earlier than last year's deadline. Auditors began their audit on 4<sup>th</sup> June and completed their audit field work on 19<sup>th</sup> June. During the audit, same day responses to all queries had been maintained by the Finance Team, with the exception of some 3<sup>rd</sup> party information. From the audit and review work carried out so far, there had been no changes to any of the core statements, including the Balance Sheet and Comprehensive Income and Expenditure Statement.

There had been limited changes in terms of the Accounting Code of Practice for the 17/18 accounts; this was largely owing to the reduced timeframes for the production and approval of the accounts. Upon review of the Code requirements, a number of unnecessary disclosures had been removed; this alongside some reformatting, reducing void spaces and blank pages, had resulted in the overall document being 19 pages smaller than last year.

The draft accounts were made available for public inspection from 1<sup>st</sup> June and will be available until 12<sup>th</sup> July and this was advertised on the Council's website.

Members were informed of the next steps, including on-going review of working files by the external audit team and officer meetings with the auditors to discuss the audit findings and management letter. The final accounts and auditor findings will be presented to Members at the Audit Committee on 19<sup>th</sup> July, with the deadline for auditor sign-off by the end of July.

Members noted that they found the accounts document easy to read and wanted to congratulate the Finance Team on their work.

Cllr McArthur led the review of the accounts document, discussing the document section by section.

### Section 1: Narrative Report

The narrative report links the performance of the organisation to the financial results of the year. It details what has been achieved and the Council's successes. It also contains details of corporate risks. Risk information is presented at high level - highlighting the more significant risks and mitigating actions. Further information in relation to corporate risks are shared with Members at Committees during the year.

### Section 2: Statement of Responsibilities

No significant changes.

### Section 3: Comprehensive Income and Expenditure Statement

Members noted the large movements in the Net Cost of Services; officers explained that this was largely due to valuation movements.

### Section 4: Movement in Reserves Statement

Members were happy with the statement.

### Section 5: Balance Sheet

Members noted the decrease in reserves; officers stated that the planned use of the reserves formed part of the financial strategy. The level of net pension liability was noted, with officers providing some supportive information. Members questioned whether external audit had any concerns about the levels of Local Government Pensions liabilities.

ACTION: Question to be raised at 19<sup>th</sup> July Audit Committee:

- Do the external auditors have any concerns about the levels of Local Government Pension liabilities?
- Should we, as members, be concerned about the level of pension liability?

### Section 6: Cash Flow

Members were happy with the statement.

### Section 7: Notes

The Statement of Accounts includes 39 disclosure notes.

The Expenditure and Funding Analysis now formed Note 1 of the document - a slight placement change from the previous year. This links the information provided to Members as part of the outturn report to the figures included in the Comprehensive Income and Expenditure Statement.

The accounting policies now formed Note 2, previously these had been Note 1. Some policies that were not required by the Code or were not relevant to

Sevenoaks District Council had been removed. The accounting policies followed the Code and good practice guidance.

The various disclosure notes were reviewed, with officers providing further information or clarification as required.

Section 8: Collection Fund

Members were happy with the statement.

Upon overall review, Members were happy with the 17/18 draft accounts and the Member Working Group is pleased to recommend to the Audit Committee that the Statement of Accounts 2017/18 be approved and adopted.