

SUBJECT: EXTERNAL AUDIT - ANNUAL GOVERNANCE REPORT

REPORT BY: CHIEF FINANCE OFFICER

LEAD ROBERT BAXTER, FINANCIAL SERVICES MANAGER
OFFICER:

1. Purpose of Report

- 1.1 This report summarises the findings from the 2016/17 audit, which is substantially complete. It identifies the key issues that Members should consider before an opinion, conclusion and certificate are issued.
- 1.2 This report includes only matters of governance interest that have come to the external auditor's attention in performing the audit. It is not designed to identify all matters that might be relevant to the Authority.
- 1.3. The report will be presented at the meeting by the Council's external auditors, KPMG.

2. Executive Summary

- 2.1 The Council's financial statements are an important means by which the Council accounts for its stewardship of public funds. Council Members have final responsibility for the financial statements. It is therefore important that the Audit Committee consider KPMG's findings before recommending the adoption of the financial statements to Full Council.

3. The Annual Governance Report

3.1 Financial Statements

- 3.1.1 At the time of preparing this report, KPMG's work on the financial statements was substantially complete. Subject to the satisfactory conclusion of any outstanding work, KPMG propose issuing an unqualified audit opinion by the 30 September 2017 (a report to those charged with governance (IAS 260) is attached at Appendix A).
- 3.1.2 Material adjustments which affect the Balance Sheet the CIES and MiRS have been made to the Statement of Accounts following the audit by KMPG. As detailed in the IAS 260 report the largest difference relates to the omission of the 31/03/2017 Council Dwelling revaluations from the

draft accounts. The accounts have been adjusted to reflect this omission. This adjustment has no impact on HRA or General Fund Balances. A review of the year end revaluation process has been undertaken and additional controls identified for future years.

3.1.3 In addition a small number of presentational changes were identified in the financial statements during the course of the audit for which amendments to the draft accounts were agreed to be made.

3.1.4 A fully amended copy of the Statement of Accounts is presented elsewhere on this agenda.

3.2 Value for Money

The Council's arrangements for securing economy, efficiency and Effectiveness in its use of resources are adequate. KPMG therefore proposes issuing an unqualified opinion on the Council's value for money arrangements.

4. Significant Policy Impacts

4.1 There are no significant policy impacts arising from this report.

5. Organisational Impacts

5.1 Financial - there are no direct financial implications arising as a result of this report.

5.2 Legal - References to legal compliance are set out in the report by the Audit Commission.

6. Risk Implications

6.1 There are no risk implications arising from this report.

7. Recommendation

7.1 Audit Committee are asked to:

- a. consider the matters raised in the report before recommending the financial statements for approval by Full Council;
- b. approve the draft letter of representation, attached at Appendix B, on behalf of the Council before KPMG issue an opinion, conclusion and certificate and delegate any further amendments to the letter, should any additional issues be raised by KPMG prior to 30

September, to the Chief Finance Officer and Chair of this Committee, with any changes reported back to this Committee.

Key Decision No

Key Decision Reference No. N/A

Do the Exempt Information Categories Apply No

Call in and Urgency: Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply? No

Does the report contain Appendices? Yes - 2

List of Background Papers: Statement of Accounts 2016/17

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