

**Report to:** Audit Committee

**Date of meeting:** 27 September 2017

**Report of:** Head of Finance

**Title:** External Auditors Report To Those Charged With Governance – ISA260 - (September 2017) and Approval Of The Statement of Accounts 2016/17

## 1.0 **SUMMARY**

1.1 This report allows the Committee to ask questions of the external auditor concerning his 'Report to those charged with Governance (ISA260)' and to approve the Statement of Accounts for 2016/17.

## 2.0 **RECOMMENDATIONS**

2.1 That the Committee notes the external auditor's 'Report to those charged with Governance'.

2.2 That the Committee seeks any clarification it needs concerning the processes involved in the production of the annual Statement of Accounts for 2016/17.

2.3 That the Committee confirms that it is satisfied that the accounting policies adopted are the most appropriate.

2.4 That the Statement of Accounts for 2016/17 be approved.

### **Contact Officer:**

For further information on this report please contact: -

Bob Watson, Head of Finance

telephone extension: 7198

email: bob.watson@threerivers.gov.uk

**Report approved by:** Joanne Wagstaffe Director of Finance

### 3.0 **DETAILS**

- 3.1 The Audit Committee at its meeting on the 29 June received the draft Statement of Accounts for 2016/17. The Accounts have since been audited by EY (UK) LLP.
- 3.2 The Auditor's 'Report to those charged with Governance' is attached at Appendix 1. It is issued in accordance with ISA260 and incorporates a conclusion on final accounts work and a value for money judgement. EY will attend the meeting to present the report and answer questions.
- 3.3 Attached at Appendix 2 is a draft letter of representation which should be signed at the meeting by the Chair of the committee and the Director of Finance.
- 3.4 The Council's Statement of Accounts for 2016/17 is attached at Appendix 3.
- 3.5 The accounts must be signed by the Chief Financial Officer before they are approved by the Committee and, subject to approval, the Chairman of the Committee shall sign and date them at the meeting.
- 3.6 Under the Council's constitution the Audit Committee has the responsibility to consider and approve the Statement of Accounts.

### 4.0 **KEY ISSUES AND INTERPRETATION OF THE ACCOUNTING STATEMENTS**

- 4.1 The purpose of the Statement of Accounts is to give interested parties an understanding of the Council's financial position. It also provides an opportunity to compare how the Council performed financially against its original plan published when setting the budgets in February 2016. The Committee are referred to the narrative statement in the Statement of Accounts.
- 4.2 The Financial Statements have been prepared under International Financial Reporting Standards (IFRS), a statutory accounting framework which is used by public sector bodies within the United Kingdom. The Chartered Institute of Public Finance and Accountancy (CIPFA) produce a Code of Practice on Local Authority Accounting (the 'Code') which reflects the statutory requirements and has been followed in preparing the financial statements.
- 4.3 A draft Annual Governance Statement (AGS) was presented to the Committee and approved on 29 June 2017. It is now included in the Statement of Accounts before the Committee, and has been signed by the Mayor and the Managing Director as required by proper practice.
- 4.4 *Summary of Financial Position*
- 4.5 The Council's medium-term financial planning has aimed to achieve a balanced budget and a prudent level of balances. With the reductions in government grant and changes to business rates, this means that the Council will need to continue to find savings through efficiencies and increased income; some of these may impact on service level provision. Tight fiscal controls will be required to ensure that the savings identified are achieved.

## 5.0 **IMPLICATIONS**

### 5.1 **Financial**

5.1.1 Contained in the Statement of Accounts

### 5.2 **Legal Issues** (Monitoring Officer)

5.2.1 None Specific.

### 5.3 **Equalities**

5.3.1 None Specific.

### 5.4 **Potential Risks**

There are no risks associated with the decisions members are being asked to make.

## **APPENDICES**

1. Report to those charged with Governance (ISA260) – EY (UK) LLP – September 2017.
2. Letter of Representation
3. Statement of Accounts 2016/17

## **BACKGROUND PAPERS**

The Accounts and Audit (England) Regulations 2011