

**Approval of the 2016/17 Financial Statements
and to receive the External Auditor's Report
(ISA260) for 2016/17**

Portfolio	Finance
Ward(s) Affected:	All

Purpose

To approve the audited Financial Statements for 2016/17 and to receive the External Auditors Report (ISO260) for 2016/17.

Background

1. Statutory regulations require that unaudited financial statements are published by the 30th June and the audited financial statements by the 30th September each year. Only the audited financial statements need to be formally approved by members.
2. The unaudited financial statements were published on the Council's website on the 30th June 2017 and it is the audited financial statements that are now being presented to this committee for approval.

Financial Statements

3. The Financial Statements set out the Council's financial performance for the year ended 31st March 2017 and are attached to this agenda as Annex A.
4. This year there have been a number of changes to the layout of the financial statements as a result of firstly changes to CIPFA guidance and secondly as a result of the Councils acquisition of the town centre.
5. The CIPFA guidance has resulted in a new statement being included within the accounts – the Expenditure and Funding Analysis – which sets out the Council's performance in line with the Council's service structure rather than in the standard CIPFA service structure. It also enables readers to see the impact of the year's performance on the Councils usable reserves in a clear way.
6. The second change relates to the acquisition of the town centre by the council in November 2016. Members may recall that rather than acquiring the property itself the Council acquired all of the units in a Jersey Property Unit trust (JPUT) which is a separate entity. As the council ultimately controls this entity through its ownership of the units Group accounts have had to be prepared which effectively consolidate the JPUT's accounts into the Council's accounts. These additional financial statements are attached at the end of the Council's accounts.

ISA260 Audit Report

7. The Audit Commissions Code of Audit Practice requires the auditor to summarise the work they have carried out to discharge their statutory audit responsibilities together with any Governance issues identified. They are charged with reporting these to those charged with governance (The Audit and Standards Committee) at the time the final financial statements are considered. This report must also comply with the requirements of the International Auditing Standard 260 with regard to 'Communication of audit matters to those charged with governance'.
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8. The auditors will be presenting their report, attached as Annex B, at the meeting and it can be expected to cover the following areas:
 - Proposed opinion on the financial statements, annual governance statement and audit differences
 - Critical accounting matters
 - Value for Money approach
 - Key issues and recommendations arising from the audit
9. Members will have an opportunity to question the auditors about their report at the meeting.

Key Issues

10. The Auditors propose to issue an “unqualified” opinion on both the financial statements and their value for money judgement.
11. There is only one recommended adjustment to the accounts and a small number of presentational amendments arising out of the audit. These are reflected in the set of financial statements presented for approval at this meeting.
12. The Auditors have looked at significant audit risks, such as Pension fund liabilities and group accounts and have been satisfied with the results. They have identified one issue with the valuation of Land and Buildings which results in an uplift of £471k to two of the Authorities assets. This is a non-material change and therefore the authority has decided not to adjust for this error.
13. There is just one Audit recommendation coming out of the audit relating to preparation for early close in 2017/18. We have been assured by the Council’s Jersey subsidiary that the information we require for the 2017/18 consolidated accounts will be received in sufficient time to meet the new deadline of 31st May 2018.
14. The finance team would like to acknowledge the support and advice given by the external audit team during their visit this year.

Options

15. The committee can accept or reject the auditor’s report and/or accounts. However these actions may have implications in respect of the auditor signing off the Council’s financial statements

Resources Implications

16. There only resource implication arises due to audit fees. These are £41,900 which is the scale fee approved by the PSAA (Public Sector Audit Authority).

Recommendation

17. The Committee is advised to RECEIVE the audited financial statements for 2016/17 and RESOLVE that the Chairman of the Committee APPROVES the Financial Statements on behalf of the Council
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Background Papers:

None

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