

**Approval of the 2017/18 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 2017/18 and to receive the External Auditors Report (ISO260) and Letter of Representation for 2017/18.

1 Background

- 1.1 New Statutory regulations require that the unaudited financial statements are published on the website by the 31st May each year and the audited financial statements approved by member by the 31st July each year. This is a reduction on the 30th June and 30th September deadlines which were in place up to this year.
- 1.2 The unaudited financial statements were published on the Council's website by the 31st May 2018 and it is the audited financial statements that are now being presented to this Committee for approval.

2 Financial Statements

- 2.1 The Financial Statements set out the Council's financial performance for the year ended 31st March 2018 and are attached to this agenda as a separate document.
- 2.2 There have been no major changes to the layout of the financial statements this year nor to accounting standards compared to last year.
- 2.3 There have only been a couple of minor changes to the audited financial statements compared with unaudited statements published on 31st May and these are set out in the ISA 260 audit report

3 ISA260 Audit Report

- 3.1 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'.
 - 3.2 The auditors will be presenting their final ISA260 report at the meeting however a draft is attached so that members have a chance to view their findings beforehand. It covers the following areas:
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- 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

3.3 Members will have an opportunity to question the auditors about their report at the meeting.

4 Key Issues

4.1 The statements below relate to the draft ISA260 report as attached. If there are any changes the external auditors will update members directly at the meeting:

4.2 The Auditors propose to issue an “unqualified” opinion on both the financial statements and their value for money judgement.

4.3 The Auditors have followed up on their recommendation made last year in respect of the faster close of accounts and are satisfied with the progress made. There are no recommendations being made for this year.

4.4 As reported in their audit plan the auditors have looked at specific risks around property, pensions and fraud and have found no significant issues in these areas.

4.5 There are only 2 amendments to the accounts arising from the audit. One is presentational and the other to do with the classification of income. Neither adjustment has any impact on the overall outturn and general fund for the year.

4.6 The auditors require the Section 151 officer to sign a “letter of Representation” prior to the completion of the audit which sets out in writing information given verbally to the auditor. This letter follows a standard for and content and is set out in annexe A. It will be tabled and signed at the meeting

4.7 The finance team would like to acknowledge the support and advice given by the external audit team during their visit this year.

5 Change of Auditor

5.1 KPMG have been the Council’s auditor for a number of years however their current contract comes to an end with the completion of these accounts and certification of returns, which is still to be done.

5.2 A national tender was undertaken last year for all local authorities collectively through the PSAA (Public Sector Audit Appointments) and this awarded all audits on a regional basis at a fixed cost. As a result of this process the Council’s auditors for the current financial year will be BDO and members will be meeting the new partner Mr Leigh Lloyd-Thomas in due course.

5.3 I would like to put on records my appreciation of the work and guidance KPMG have given the Council over the last 8 years and wish them well in the future.

6 Options

- 6.1 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

7 Resources Implications

- 7.1 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).

8 Recommendations

- 8.1 The Committee is advised to

- i) RECEIVE the audited financial statements for 2017/18;
- ii) RECEIVE the Letter of Representation;
- iii) RECEIVE and COMMENT on the ISA260 auditors report and;
- iv) RESOLVE that the Chairman of the Committee APPROVES the Financial Statements on behalf of the Council

Background Papers: None

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