

Minutes

Audit and Scrutiny Committee **Wednesday, 25th July, 2018**

Attendance

Cllr Russell (Chair)
Cllr Mrs Hones (Vice-Chair)
Cllr Barrell
Cllr Haigh

Cllr Keeble
Cllr Mrs Middlehurst
Cllr Nolan

Apologies

Cllr Chilvers

Absent

Cllr Mrs Slade

Substitute Present

Cllr Naylor (substituting for Cllr Chilvers)

Officers Present

Kim Anderson	-	Partnership, Leisure and Funding Manager
Zoey Foakes	-	Governance & Member Support Officer
Alistair Greer	-	Principal Accountant (Financial Reporting)
Debbie Hanson	-	Ernst & Young, External Audit
Steve Summers	-	Chief Operating Officer
Jacqueline Van Mellaerts	-	Chief Financial Officer

100. Apologies for Absence

Apologies were received from Cllr Chilvers and substituted by Cllr Naylor.

101. Minutes of the previous meeting

The minutes of the Audit and Scrutiny Committee meeting held on 13 June 2018 were approved as a true record.

102. Annual Statement of Accounts 2017/18

The Council's External Auditors, Ernst & Young had substantially completed their audit of the Council's Statement of Accounts for 2017/18.

The report presented the findings and the final Financial Statements including the Annual Governance Statement.

External Audit proposed to issue an unqualified audit opinion for the Statement of Accounts 2017/18 and an unqualified value for money conclusion.

E&Y presented their findings and explained to members the Adjusted and unadjusted differences made to the audited statement of accounts.

2017/18 was the first year the Council had worked to the earlier statutory deadline of 31st May, which was signed by the Interim Chief Finance Officer, to publish an unaudited Statement of Accounts. The revised deadline for the publication of the accounts following External Audit to issue their opinion was 31st July 2018, which was expected to be met following this Committee.

Members of Committee had been informed that due to the tight timescales following the Audit, it was not possible to publish this report alongside the Agenda on 17th July 2018.

A motion was **MOVED** by Cllr Russell and **SECONDED** by Cllr Hones to move the recommendations in the report.

A vote was taken by a show of hands and it was **RESOLVED** that:

1. **The Audit Results Report 2017/18 in Appendix A is considered, and findings of External Auditors are noted.**
2. **The amended Letter of Representation attached in Appendix B is approved and signed by the Chairman of the Committee (appended to the minutes).**
3. **The Annual Governance Statement included in Appendix C is approved and signed by the Chief Executive and Leader of the Council.**
4. **The Statement of Accounts for 2017/18 attached in Appendix C is approved and signed by the Chairman of the Committee and the Interim Chief Finance Officer.**

Reasons for Recommendation

To enable the Council to meet the requirements of the Accounts and Audit (England) Regulations 2015 in respect of approval of the financial statements and the annual governance statement.

An amended version of Appendix B was tabled at committee and appended to these minutes.

103. Leisure Strategy Working Group Report

The report within the agenda contained the report and recommendations of the Leisure Strategy Working Group which met on 9 July 2018, for consideration by the Audit and Scrutiny Committee. The Members of the Working Group consisted of the following Members: Cllrs Hossack, Poppy, Tierney, Davies and Barrett and they were supported by the following Officers: Philip Ruck, Kim Anderson and Stuart Anderson.

A motion was **MOVED** by Cllr Russell and **SECONDED** by Cllr Middlehurst to approve the recommendation in the report.

A vote was taken by a show of hands and it was **RESOLVED UNANIMOUSLY:**

To note the Leisure Strategy Working Group and agree the recommendations contained within and refer it to the 11 September Community Health and Housing Committee.

Reasons for Recommendation

As part of the Council's due diligence in delivering a successful Leisure Strategy, Members and officers needed to have a complete picture of the associated costs, risk profiles of the Borough's Leisure facilities and identify opportunities for income generation.

Comments received from Sport England as part of the Local Development Plan consultation, stated that a Leisure Strategy was required that assessed Council owned sports and leisure facilities in order that the Council could continue to work with partners to ensure that appropriate provisions were made for the residents of Brentwood. The strategy should not only consider how the Council could provide services, but also how other partners could. The strategy should also use current sports facility evidence to identify strategic priorities to then inform what would be included in the Council's Infrastructure Delivery Plan. Following the feasibility work, the Council would then be able to determine which projects would be funded by the Community Infrastructure Levy (CIL) and those funded by planning obligations.

The Council's Asset Management Strategy 2014/15 also set out the need to obtain maximise income where possible from its asset portfolio.

104. Scrutiny Work Programme 2018/19 Update

The report provided the 2018/19 draft scrutiny work programme for members consideration and as attached at Appendix A (of the report).

Members should note that the workplan was a timeline of the latest and proposed working position of the working groups and **not** the actual timeline of the subject matter or project being reviewed. These timelines were subject to change depending on the work and outcomes of the working groups.

The Committee were requested to consider the draft work programme at Appendix A (of the report) and agree any amendments.

A motion was **MOVED** by Cllr Russell and **SECONDED** by Cllr Barrell to approve the recommendation in the report.

A vote was taken by a show of hands and it was **RESOLVED UNANIMOUSLY**:

That the Committee considers the Scrutiny work programme 2018/19 attached at Appendix A (of the report) and agree any amendments for approval.

Reasons for Recommendation

The Constitution required that the Audit & Scrutiny Committee agrees its Scrutiny work programme at each meeting of the Committee.

105. Urgent Business

There were no items of urgent business. The meeting concluded at 7.25pm.



25 July 2018

Debbie Hanson
Ernst & Young
400 Capability Green
Luton
LU1 3LU

Brentwood Borough Council – Management Representation Letter 2017/18

This letter of representation is provided in connection with your audit of the consolidated financial statements of Brentwood Borough Council for the year ended 31 March 2018. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated financial statements give a true and fair view of the financial position of Brentwood Borough Council as of 31 March 2018 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Council CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

We understand that the purpose of your audit of our consolidated financial statements is to express an opinion thereon and that your audit was conducted in with International Standards on Auditing, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify -nor necessarily be expected to disclose -all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Council the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the consolidated and council financial statements. We believe the consolidated and council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and are free of material misstatements, including omissions. We have approved the consolidated financial statements.
3. The significant accounting policies adopted in the preparation of the Council financial statements are appropriately described in the financial statements.
4. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 for the Council that are free from material misstatement, whether due to fraud or error.
5. There was one unadjusted audit difference identified during the current audit relating to other income that was incorrectly accrued to the current year. This is shown on Appendix A to this letter. We have chosen not to adjust this item as it is not material.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the consolidated and Council financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated or Council's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or

- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the consolidated and council financial statements.
3. We have made available to you all minutes of the meetings of the Council and its committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year **up to 25 July 2018.**
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the consolidated and council financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable
6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the consolidated and council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated and council financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and confirm there are no guarantees that we have given to third parties.

E. Subsequent Events

1. There have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and council financial statements or notes thereto.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and the Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

G. Use of the work of a specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of land and buildings and retirement benefits and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

H. Property valuation, retirement benefits and business rates appeals estimates

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
2. We confirm that the significant assumptions used in making the valuation of land and buildings appropriately reflect our intent and ability to utilize the assets on behalf of the entity.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
4. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events.

I. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent

with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

J. Ownership of Assets

1. The Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheet.

K. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

Yours faithfully,

Jacqueline Van Mellaerts
Interim Chief Finance Officer

Councillor Will Russell
Chairman of the Audit & Scrutiny Committee

Communication schedule for uncorrected misstatements

Entity: BBC

Period Ended: 31-Mar-2018

Currency: GBP

Uncorrected misstatements			Analysis of misstatements Debit/(Credit)								Income statement effect of the prior period	
No.	W/P ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period		Prior period Debit/(Credit)	Non taxable
		(misstatements are recorded as journal entries with a description)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable		
Factual misstatements:												
		<Title of the misstatement>										
Projected misstatements:												
		(18 BBC - Other Income (YE) - Tab testing) - Other income - 18/19 recognised in 17/18										
		Other income						87,101				
		Deferred income			(87,101)							
Judgmental misstatements:												
		<Title of the misstatement>										
Total of uncorrected misstatements before income tax			0	0	(87,101)	0	0	87,101	0		0	
Total of uncorrected misstatements			0	0	(87,101)	0	0	87,101	0		0	