

**25 July 2018**

**Audit & Scrutiny Committee**

**Final Statement of Accounts 2017/18**

**Report of:** *Jacqueline Van Mellaerts, Interim Chief Finance Officer*

**Wards Affected:** *All*

**This report is:** *Public*

**1. Executive Summary**

- 1.1 The Council's External Auditors, Ernst & Young have substantially completed their audit of the Council's Statement of Accounts for 2017/18. This report presents their findings and the final Financial Statements including the Annual Governance Statement.
- 1.2 External Audit propose to issue an unqualified audit opinion for the Statement of Accounts 2017/18 and an unqualified value for money conclusion.
- 1.3 2017/18 is the first year the Council has worked to the earlier statutory deadline of 31<sup>st</sup> 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 is 31<sup>st</sup> July 2018, which is expected to be met following this Committee.
- 1.4 Members of Committee have been informed that due to the tight timescales following the Audit, it was not possible to publish this report alongside the Agenda on 17<sup>th</sup> July 2018.

**2. Recommendation(s)**

- 2.1 **The Audit Results Report 2017/18 in Appendix A is considered, and findings of External Auditors are noted.**
- 2.2 **The Letter of Representation attached in Appendix B is approved and signed by the Chairman of the Committee.**
- 2.3 **The Annual Governance Statement included in Appendix C is approved and signed by the Chief Executive and Leader of the Council.**

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| <p>2.4    <b>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.</b></p> |
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### **3.     Introduction and Background**

- 3.1    The Council's External Auditors; Ernst & Young have substantially completed their audit of the Council's Statement of Accounts for 2017/18. Their findings are included within the Audit Results Report attached as Appendix A.
- 3.2    Members are asked to review the Audit Results Report and note its contents. This report was received in final on 24<sup>th</sup> July 2018 and has been reviewed by senior management. External Auditors will be available to present their findings on the night of Audit Committee.
- 3.3    Their report states, that External Audit expect to issue an unqualified audit opinion on the financial statements before the statutory deadline of 31<sup>st</sup> July 2018. They also have no matters to report on arrangements to secure economy, efficiency and effectiveness in its use of resources assessment.
- 3.4    The Letter of Representation is a letter issued by the Council to the External Auditor in writing as an additional form of audit evidence. It is used to let the Council's management declare in writing that the financial statements and other presentations to the auditor are sufficient and appropriate and without omission of material facts to the financial statements. Members are asked to approve this letter, attached as Appendix B.
- 3.5    Brentwood Council is responsible for ensuring its business is conducted in accordance with the law and proper standards and that public money is safeguarded, accounted for and used properly. The Annual Governance Statement (AGS) explains how the Council follows a code of Corporate Governance, which is consistent with the principles of CIPFA/SOLACE 'Delivering Good Governance in Local Government – Framework (2016)'. External Audit have reviewed this statement and have no matter to report. Members are asked to approve the AGS included in Appendix C.
- 3.6    The Statement of Accounts 2017/18 has been prepared in accordance with the "Code of Practice on Local Authority Accounting in the United Kingdom

2017/18” and reflects the statutory requirements for the presentation of the Council’s Accounts.

#### **4. Issues, Options and Analysis of Options.**

- 4.1 External Audit have reported adjusted and unadjusted differences in their summary. These items have not impacted on the general fund balance.
- 4.2 There is one material difference to the Council’s financial statements relating to the movement in the value of the overall Essex Pension Fund assets. A revised IAS19 report from the actuary was issued and the Final Accounts have been adjusted.
- 4.3 One other material difference which has been corrected in the accounts, relates to an incorrect classification of £14m of short term investments as cash and cash equivalents. This has also been amended as a prior period adjustment.
- 4.4 Details of both differences are set out in the Audit Results Report presented by Ernst & Young in Appendix A in section 4.
- 4.5 External Audit have reported one unadjusted audit difference of £87,101 which has not been amended in the final Accounts as it was considered immaterial by management. It relates to overstatement of other Income which was due in 2018/19 and should therefore not have been recognized in 2017/18.
- 4.6 There have been various other immaterial disclosure errors and omissions which have been identified by External Audit, and have been amended in the final version of the Accounts.
- 4.7 The audit has progressed smoothly and the finance team has worked effectively with external audit to complete the work within agreed timescales and the Council has met the earlier closedown deadlines in 2018/19.
- 4.8 Members of the Committee have been advised that due to the tight timescales of the Audit and because of the revised statutory deadlines. There has been limited time, for Audit to collate their findings in time for this report to be published alongside the Agenda on 17<sup>th</sup> July 2018.
- 4.9 External Audit have reported an unqualified value for money conclusion which supports the work of Members and Officers to ensure the Council remains financially sustainable in the medium term.

## **5. Reasons for Recommendation**

- 5.1 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.

## **6. Consultation**

- 6.1 No Consultation were required for this report.

## **7. References to Corporate Plan**

- 7.1 Good financial management underpins all priorities within the Corporate Plan.

## **8. Implications**

### **Financial Implications**

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- 8.1 The financial implications are considered in the report.

### **Legal Implications**

**Name & Title:** Daniel Toohey, Monitoring Officer

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- 8.2 All relevant legal considerations have been taken fully into account in compiling this report.

## **9. Appendices to this report**

Appendix A – Audit Results Report.

Appendix B – Letter of Representation.

Appendix C – Statement of Account 2017/18 (Including the Annual Governance Statement)

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