



Governance and Audit Committee

Item
7

25 July 2017

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| Report of | Assistant Director (Policy & Corporate) | Author | Steve Heath ☎ 282389 |
| Title | Annual Statement of Accounts 2016/17 | | |
| Wards affected | Not applicable | | |

This report provides comments on the Auditors' report on the Statement of Accounts for 2016/17

1. Decisions Required

1.1 To:

- Accept the Audit Results Report for the year ending 31 March 2017,
- Note the comments in this covering report,
- Approve the letter of representation, and
- Approve the audited Statement of Accounts.

2. Audit Results Report

- 2.1 The pre-audit Statement of Accounts (SOA) was certified by the responsible financial officer on 26 May, which is in accordance with the statutory deadline. A report was presented to this Committee on 27 June highlighting the availability of the draft accounts, and explaining the key financial statements.
- 2.2 The Auditors' work on the 2016/17 accounts has now been substantially completed. The issues raised during the audit have been discussed with the Auditor and dealt with, and the Statement of Accounts is being agreed. The presentation of the attached Draft Audit Results Report to those charged with governance is the final stage in the process to approve the Council's Statement of Accounts.
- 2.3 The Audit Plan identified general audit risks that are shown in section 2 of the Audit Results Report. The Auditors' testing has not identified any material issues in the 2016/17 accounts, and does not raise any concerns over our accounting treatment of these areas.
- 2.4 The Audit Report in section 3 shows that the Auditor expects to issue an unqualified opinion on the financial statements. This is expected to be issued by 31 July, which is in advance of the statutory deadline of 30 September. In keeping with the usual practice the published statement, including the Auditor's opinion, will be submitted to the Committee following conclusion of the audit.
- 2.5 Section 4 states that the audit identified a small number of minor disclosure adjustments within the accounts that have all been amended during the course of the audit. No material errors were identified, and there were no errors identified during the audit that have not been adjusted.
- 2.6 The Auditor has a responsibility to be satisfied that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In

examining these arrangements, the Auditor raises the following two significant risks in section 5 of the report:

- **Sustainable resource deployment.** This concerns the Council's financial resilience and response to the financial pressure resulting from the continuing economic downturn. The Auditor has assessed the Council to have adequate arrangements in place, but highlights the significant challenges and risks over the next three to four years.
- **Working with partners and third parties.** This relates to the Essex Garden Communities project, and the risks relating to the governance and accounting arrangements. The Auditor's work demonstrates that the project is being governed appropriately, and highlights the positive response to Lord Kerslake's peer review.

2.7 In line with International Standards of Auditing, the Audit Commission requests a general letter of representation in support of the SOA. This provides assurance about the information within the SOA and any issues that could arise between the end of the financial year and the conclusion of the audit. A draft of the letter required, which will be signed by the Section 151 Officer, is attached to this report.

3. Strategic Plan References

3.1 The objectives and priorities of the Strategic Plan informed all stages of the budget process for 2016/17.

4. Publicity Considerations

4.1 The accounts were open for public inspection from Monday 5 June to Friday 14 July to meet our legal duties. This had been advertised on the Council's website via the link below:

<http://www.colchester.gov.uk/article/16018/Audit-of-Accounts>

5. Financial Implications

5.1 The approval of the audited Statement of Accounts meets a statutory requirement for financial reporting and is an important part of the process to demonstrate accountability in the use of public funds.

5.2 Appendix B to the Audit Results Report highlights a variation to the scale fee of £1,484, which is due to additional work performed on the Payroll data migration and the Expenditure and Funding Analysis.

6. Other Standard References

6.1 Having considered consultation, equality, diversity and human rights, community safety, health and safety and risk management implications, there are none that are significant to the matters in this report.

Background Papers

Attached to this report:

Draft Audit Results Report
Draft Letter of Representation

Available on the Council's website:

Draft Statement of Accounts 2016/17 (updated)

<http://www.colchester.gov.uk/article/11907/Statement-of-Accounts---Colchester-Borough-Council>

Draft Annual Statement of Accounts – Report to Governance & Audit Committee on 27 June 2017

<https://colchester.cmis.uk.com/colchester/MeetingCalendar/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/499/Committee/35/Default.aspx>