

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

05 September 2016

Report of the Director of Finance and Transformation

Part 1- Public

Delegated

1 EXTERNAL AUDITORS REPORT ON THE OUTCOME OF THE AUDIT OF THE STATEMENT OF ACCOUNTS 2015/16

Members are invited to endorse and approve the Audit Findings Report on the outcome of the audit of the Statement of Accounts for 2015/16. This report is to be approved prior to the Engagement Lead signing off the Accounts. The Engagement Lead and or his representative will be at the meeting to present the report and to answer questions.

1.1 Introduction

1.1.1 Our external auditor (Grant Thornton UK LLP) is required to issue a report to those charged with governance covering, amongst other things, the outcome of the audit of the Accounts, and for this to be endorsed and approved before the Accounts are signed off. Under the Council's constitutional arrangements it is this Committee that is charged with governance for this purpose.

1.1.2 In accordance with this requirement, the Audit Findings Report on the outcome of the audit of the Statement of Accounts 2015/16, up to the date of the print deadline, is attached at **[Annex 1]**. Some procedural matters are in the process of being finalised prior to the meeting of the Committee and officers will provide a verbal update at the meeting. The Engagement Lead and or her representative will be at the meeting to present the report and to answer questions.

1.2 Conclusions and Recommendations

1.2.1 Members will note there are no material issues, at this stage, that need to be brought to the attention of the Committee and that the Engagement Lead anticipates being able to issue an unqualified audit opinion on the financial statements and value for money conclusion in the next few weeks.

1.2.2 For completeness and in accordance with best practice it is recommended that the Chairman countersign the Letter of Representation **[Annex 2]** that I have prepared. With that in mind it is requested that delegated authority be granted to

the Chairman and I to sign the Letter when Grant Thornton are ready to issue their opinion. Accordingly, there is a statement at the end of the letter which reads:

“The approval of this letter of representation was minuted by the Council's Audit Committee at its meeting on 5 September 2016, with delegated authority granted to the Chairman to sign this letter, together with the Director of Finance and Transformation”.

1.3 Statement of Accounts 2015/16

- 1.3.1 As noted at paragraph 1.2.1, I am pleased to report there are no material issues that need to be brought to the attention of the Committee following the audit. At Appendix A of the Audit Findings Report there is an action plan which for ease of reference is also shown below.

<u>REC NO.</u>	Recommendation	Priority	Management response	Implementation date & responsibility
1	Expand the current disclosure at Accounting Policies to clarify the basis on which revenue is recognised in the financial statements.	Low	Will be part of the review of the financial statements for the 2016/17 year.	For 2016/17 Financial Statements – Financial Services Manager.

- 1.3.2 The audited Accounts include a small number of minor technical or textual changes from the unaudited Accounts presented to the Committee in June. I do not propose circulating copies of the audited Accounts to all Members, but the Chairman will be asked to sign a copy of the audited Accounts for 2015/16. If Members so wish, updated copies may be obtained by contacting my Chief Financial Services Officer, Neil Lawley or my Financial Services Manager, Paul Worden, who will be pleased to supply copies and answer any questions you may have.
- 1.3.3 With regard to value for money it was found that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2016. Members will note the overall VFM conclusion within the report states:

“On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, we are satisfied that in all significant respects the Authority has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year ended 31 March 2016.”

1.4 Legal Implications

- 1.4.1 There are a number of legislative requirements to consider in the preparation and publication of the Statement of Accounts which will be addressed as we move through the closedown process.

1.5 Financial and Value for Money Considerations

- 1.5.1 The cost of the work carried out is as notified to us in the 2015/16 Audit Plan.

1.6 Risk Assessment

- 1.6.1 The Statement of Accounts is a statutory document and, therefore, failure to prepare and publish the Accounts in accordance with proper accounting practice and within the statutory timescales could adversely affect the Council.

1.7 Equality Impact Assessment

- 1.7.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.8 Recommendations

- 1.8.1 Members are **RECOMMENDED** to:

- 1) Approve the Audit Findings Report, subject to the verbal update, on the outcome of the audit of the Statement of Accounts for 2015/16 **[Annex 1]** together with the associated action plan set out at paragraph 1.3.1.
- 2) Endorse that the Chairman and I be granted delegated authority to countersign the Letter of Representation **[Annex 2]** when Grant Thornton are ready to issue their opinion.
- 3) Request that the Chairman sign the Accounts in the appropriate place.

Background papers:

contact: Paul Worden

Nil

Sharon Shelton
Director of Finance and Transformation