

Corporate Governance and Standards Committee Report

Ward(s) affected: n/a

Report of Director of Finance

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## **Audit Findings Report Year Ended 31 March 2019**

### **Executive Summary**

The audit of the 2018-19 accounts is nearly complete and the independent auditor intends to issue an unqualified opinion on the financial statements, which the CFO will re-certify in accordance with the Accounts and Audit Regulations 2015 immediately after the Committee meeting. The auditors have issued an Audit Findings report, which is included in Appendix 1, along with a management action plan (Audit Findings Report, appendix A).

The auditors have not found any misstatements which affect the primary financial statements or financial position of the Council. The auditors found some areas that required adjusting and these are highlighted in the audit findings report. There are also some minor changes that are not individually significant enough to warrant separate disclosure in the findings report.

The auditors propose to give an unqualified Value for Money conclusion. Their recommendations relating to value for money are included in the action plan. The key points relate to the medium-term financial plan and the general fund capital programme.

The Chairman of the Corporate Governance and Standards Committee is required to issue a letter of representation on behalf of the Council to the auditors to provide assurance over the management framework operating at the Council and the disclosures in the accounts. A copy of the proposed letter is provided at Appendix 2.

### **Recommendation to Committee**

- (1) That the Audit Findings report submitted by Grant Thornton attached as Appendix 1 to this report, and the management responses provided in the action plan (Appendix A to Appendix 1), be noted.
- (2) That the letter of representation, as set out in Appendix 2 to this report, be approved on behalf of the Council and that the Chairman be authorised to sign the letter on the Council's behalf.

Reason for Recommendation:

To allow the external auditor to issue his opinion on the 2018-19 accounts.

**1. Purpose of Report**

- 1.1 The report asks the committee to consider the external auditor's Audit Findings report (AFR) for the 2018-19 financial year and the issues it raises.

**2. Strategic Framework**

- 2.1 Good financial management underpins the achievement of the Council's Corporate Plan.

**3. Background**

- 3.1 Grant Thornton prepares its AFR to meet the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office Code of Audit Practice by reporting on:
- (a) the Council's financial statements; and
  - (b) whether the Council has made proper arrangements for securing value for money in its use of resources
- 3.2 The International Standard on Auditing 260 requires "those charged with governance" to consider the report before the external auditor can sign off his opinion on the accounts. The statutory deadline for issuing the audit opinion is 30 July.
- 3.3 Appendix 1 is the draft AFR for 2018-19. The auditors found three audit adjustments and some minor omissions.
- 3.4 In relation to the statement of accounts, the auditors concluded that the Council produced a good set of financial statements, supported by comprehensive working papers and met the statutory deadline for producing the accounts of 31 May. The Auditors did not identify any adjustments which impact on the primary statements. The auditors also concluded that the Annual Governance Statement and Narrative Report are consistent with the financial statements.
- 3.5 In relation to value for money, the auditors concluded that in all significant respects, the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.
- 3.6 The auditor has made some recommendations relating to value for money; the action plan at Appendix A to the AFR gives the management responses. The external auditor will attend the meeting to present the report and answer any questions.
- 3.7 This committee has authority to approve the accounts on behalf of the Council. A separate report on this agenda considers the final statement of accounts, amended for the disclosure items raised in the AFR and includes an updated Annual Governance Statement.
- 3.8 To enable the auditor to conclude their audit, the Council is required to send a letter of representation to the auditors to provide assurance over the management

framework and the disclosures made in the accounts. A copy of the proposed letter of representation is included at Appendix 2.

#### **4. Financial Implications**

4.1 There are no financial implications arising from this report.

#### **5. Legal Implications**

5.1 The International Standard on Auditing (UK and Ireland) 260 requires the external auditor to report any issues arising from the audit of the Financial Statements to those charged within governance. In the Council's case, this is the Corporate Governance and Standards Committee.

5.2 The International Standard on Auditing (UK and Ireland) 580 requires the Chief Financial Officer to send a letter of representation to the external auditor. Appendix 2 is a draft of the 2017-18 letter of representation, which officers recommend that the committee approve and that the chair of the meeting signs the letter of representation on the Council's behalf.

#### **6. Human Resource Implications**

6.1 There are no human resource implications arising from this report.

#### **7. Conclusion**

7.1 The audit of the 2018-19 accounts is nearly complete and the independent auditor intends to issue an unqualified opinion on the financial statements, which the CFO will re-certify in accordance with the Accounts and Audit Regulations 2015. The auditors did not find any adjustments that affected our reported financial position.

7.2 The auditors propose to give an unqualified Value for Money conclusion. Their recommendations relating to value for money are included in the action plan.

#### **8. Background Papers**

2018-19 Statement of Accounts

#### **9. Appendices**

Appendix 1: Draft Audit Findings report 2018-19

Appendix 2: Letter of Representation