



**Governance and Audit  
Committee**

**Tuesday, 23 July 2019**

**Subject: Report to those charged with Governance - EXTERNAL AUDIT  
REPORT - ISA 260**

Report by:

Presented by: Michael Norman, Mazars

Contact Officer:

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Purpose / Summary:

To present to those charged with governance,  
the External Audit report on the quality of the  
Statement of Accounts and Annual Governance  
Statement 2018/19.

**RECOMMENDATION(S):**

1. That members accept the content of this report.

## IMPLICATIONS

**Legal: None from this report**

**Financial : FIN/51/20/TJB**

Our appointed External Auditor was changed from KPMG LLP UK to Mazars from 1 April 2019 as part of the Public Sector Audit Appointments (PSAA) contract awards.

This procurement resulted in a reduced audit fee, with 2018/19 being £33k, a saving of £10k on the previous year.

**Staffing : None from this report**

**Equality and Diversity including Human Rights :**  
**None from this report**

**Risk Assessment :**  
**None from this report**

**Data Protection Implications :**  
**Data is shared for audit purposes**

**Climate Related Risks and Opportunities :**  
**None from this report**

**Title and Location of any Background Papers used in the preparation of this report:**

**Call in and Urgency:**

**Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?**

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

**Yes**

**No**

**x**

**Key Decision:**

A matter which affects two or more wards, or has significant financial implications

Yes

No

## 1. **Background**

The draft report to those charged with Governance is attached at Appendix A. The report is written at a point in time and colleagues are clearing the 'work in progress' points at page 3. An update on these and any other issues will be provided at the Committee meeting.

The headlines of the report include:

- An unqualified audit opinion on the 2018/19 Statement of Accounts, subject to completing the remaining audit procedures.
- The Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.
- That there have been no material audit differences identified.

The Officers identified small presentational changes to the Statement of Accounts due to the recent McCloud Judgement.

The Council received an updated Actuarial Valuation 8 July 2019 which identified an increase in net liabilities (£0.332m), as this is below materiality no adjustments were made to the Statement of Accounts. However, as a figure was now known Note 34 Contingent Liabilities narrative in relation to the McCloud Judgement had to be removed.

In Note 33 Pensions the narrative was extended to explain no adjustment had been made in relation to the McCloud Judgement. The Statement of Accounts that were originally certified by the Chief Finance Officer and published have now been updated accordingly and agreed with External Audit.

- There have been no new significant risks identified within the Financial Statements since the Audit Strategy Memorandum was issued 29 March 2019.

An update and Audit conclusions on the significant findings in relation to management's judgement and significant risks are identified as;

- Management override controls
- Property, plant, equipment and Investment Properties
- Valuation of net defined pension liability
- Provision of business rates appeals against the ratings list
- Minimum Revenue Provision

The full report is attached at Appendix A and will be presented by Michael Norman, Audit Manager, Mazars.

