

# Performance and Audit Scrutiny Committee



Forest Heath  
District Council

<b>Title of Report:</b>	<b>Ernst and Young presentation of 2016/17 Annual Results Report to those charged with Governance</b>	
<b>Report No:</b>	<b>PAS/FH/17/024</b>	
<b>Report to and date:</b>	<b>Performance and Audit Scrutiny Committee</b>	21 September 2017
<b>Portfolio holder:</b>	Stephen Edwards Portfolio Holder for Resources and Performance <b>Tel:</b> 01638 660518 <b>Email:</b> <a href="mailto:Stephen.edwards@forest-heath.gov.uk">Stephen.edwards@forest-heath.gov.uk</a>	
<b>Lead officer:</b>	Rachael Mann Assistant Director (Resources and Performance) <b>Tel:</b> 01638 719245 <b>Email:</b> <a href="mailto:Rachael.mann@westsuffolk.gov.uk">Rachael.mann@westsuffolk.gov.uk</a>	
<b>Purpose of report:</b>	To present the results of Ernst and Young's audit of the financial statements for 2016/17.	

<b>Recommendation:</b>	<b>It is <u>RECOMMENDED</u> that:</b> <ol style="list-style-type: none"> <li>(1) the Committee <u>notes</u> that the auditor anticipates issuing an unqualified opinion on the Financial Statements for 2016/17 (as set out in the Audit Results Report - Appendix A);</li> <li>(2) the Committee <u>notes</u> that the auditor expects to issue a VFM conclusion stating that the Council had proper arrangements to secure economy, efficiency and effectiveness in our use of resources (Appendix A);</li> <li>(3) the Committee <u>approves</u> the Letter of Representation at Appendix B, on behalf of the Council, before the Audit Director issues his opinion and conclusion; and</li> <li>(4) the Chief Financial Officer, in consultation with the Chairman, be given delegated authority to conclude the signing of the accounts.</li> </ol>
<b>Key Decision:</b>  <i>(Check the appropriate box and delete all those that <b>do not</b> apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>
<b>Consultation:</b>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>
<b>Alternative option(s):</b>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>
<b>Implications:</b>	
<i>Are there any <b>financial</b> implications? If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>• The work completed by external audit, as part of the statement of accounts audit, includes consideration by the EY Executive Director on whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is the value for money conclusion.</li> </ul>
<i>Are there any <b>staffing</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<i>Are there any <b>ICT</b> implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

<i>Are there any <b>legal and/or policy</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<i>Are there any <b>equality</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<b>Risk/opportunity assessment:</b>		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
	Low/Medium/ High*		Low/Medium/ High*
None			
<b>Ward(s) affected:</b>		All Wards	
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>		None	
<b>Documents attached:</b>		<b>Appendix A</b> – Audit Results Report  <b>Appendix B</b> – Letter of Representation	

## **1. Key issues and reasons for recommendation(s)**

- 1.1 Ernst and Young (EY) is the Council's appointed external auditor. The attached report presents the results of their audit of the financial statements for 2016/17.
- 1.2 It sets out issues they are formally required to report on, to those charged with governance. This committee is now charged with governance in accordance with powers delegated to it under the Council's Constitution.
- 1.3 The report also includes the result of the work that EY have undertaken to assess the Council's arrangements to secure value for money in the use of its resources.
- 1.4 The Council's unaudited 2016/17 statement of accounts, signed by the Council's Chief Financial Officer (Section 151 Officer) on 30 June 2017, have been updated to reflect adjustments recommended by EY from their audit work. It should be noted by Members that these adjustments do not affect the Council's overall financial position and are, in most cases, simply presentational changes.
- 1.5 There is one unadjusted item that has been highlighted in the Annual Results Report relating to retention monies held as a result of the acquisition of Greenheath Energy Ltd. The sum of £75,000 is immaterial to the overall financial position of the Council and has been corrected in the current financial year (2017/18).
- 1.6 The auditor intends to issue an unqualified opinion on the Financial Statements for 2016/17 by the statutory deadline of 30 September 2017, subject to ongoing audit work not identifying any significant issues with the accounts. Should there be any "unadjusted audit errors" between now and the 30 September, the auditor will prepare an Addendum and agree this through the Chairman of the Performance and Audit Committee.