

Ernst and Young – 2018/2019 Annual Results Report to those Charged with Governance

Report No:	PAS/WS/19/008	
Report to and date/s:	Performance and Audit Scrutiny Committee	25 July 2019
Cabinet Member:	Councillor Sarah Broughton Tel: 07929 305787 Email: sarah.broughton@westsuffolk.gov.uk	
Lead officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	

Decisions Plan: **DEMOCRATIC SERVICES ONLY TO INPUT**

Wards impacted: **All wards**

Recommendation: **It is recommended that:**

- (1) The Committee notes that the auditor anticipates issuing an opinion on the Financial Statements of Forest Heath District Council and St Edmundsbury Borough Council for 2018/2019 by 31 July 2019 (as set out in the Audit Results Reports - Appendix A and Appendix B – *these reports are to be distributed separately*);**

Continued:

- (2) The Committee notes that the auditor intends to issue a VFM conclusion stating that the councils had proper arrangements to secure economy, efficiency and effectiveness in our use of resources (Appendix A and Appendix B – *these reports are to be distributed separately*);**
- (3) The Committee approves the Letters of Representation at Appendix C and Appendix D, on behalf of the Council, before the EY Associate Partner issues his opinion and conclusion; and**
- (4) The Chief Financial Officer, in consultation with the Chair of the Performance and Audit Scrutiny Committee, be given delegated authority to conclude the signing of the accounts.**

1. Background / Context

- 1.1 Ernst and Young (EY), the Council's appointed external auditor, are formally required to report the results of their audits of the 2018/2019 financial statements of Forest Heath and St Edmundsbury (West Suffolk's predecessor councils), to those charged with governance. This committee is charged with governance in accordance with powers delegated to it under the Council's Constitution. In addition, Part 8 of the Local Government (Boundary Changes) Regulations 2018 transfers the responsibility for the preparation and publication of predecessor councils' final accounts to their successor council (West Suffolk Council).
- 1.2 EY are also required to report on the results of the work undertaken to assess the councils' arrangements to secure value for money (VFM) in the use of resources.
- 1.3 The results of both the audit of the financial statements and the VFM conclusion are contained in the Audit Results Reports (**Appendix A** and **Appendix B**). Due to the timing of the audit, these reports were not available to circulate with this agenda. However, the reports will either be distributed in advance of the meeting, or will be circulated at the meeting itself. If the latter, then the meeting will be adjourned for a period of time in order for Members to have time to read and digest the reports.
- 1.4 The EY Associate Partner will attend the meeting to present the reports and give a substantive update.
- 1.5 The reports will be similar in style and content to those issued in previous years, and Members may wish to familiarise themselves with the format by reviewing last year's reports which can be found by following the links below:

[PAS.FH.18.025 Appendix A - FHDC 2017/18 Audit Results Report](#)

[PAS.SE.18.018 Appendix A - SEBC 2017/18 Audit Results Report](#)

2. Proposals

- 2.1 The councils' unaudited 2018/2019 Statement of Accounts, signed by the Chief Financial Officer (Section 151 Officer) on 30 May 2019, have been updated to reflect any 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.
- 2.2 At the time of writing it is not anticipated that there will be any significant issues with the accounts and the auditor expects to issue an opinion on the Financial Statements for 2018/2019 by 31 July 2019. Should there be any "unadjusted audit errors" between now and the opinion date, the auditor will prepare an Addendum and agree this through the Chair of the Performance and Audit Committee.

- 2.3 Where the auditors place reliance on management representations in respect of certain judgemental matters, completeness of information and other issues, they require these representations in the form of a signed and dated letter. The committee is required to approve the Letters of Representation attached at **Appendix C** (Forest Heath) and **Appendix D** (St Edmundsbury).

3. Alternative Options

- 3.1 The audit of the financial statements is governed by the Local Audit and Accountability Act 2014 and is conducted in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Therefore, there are no alternative options.

4. Consultation and engagement

- 4.1 This report and the appendices have been compiled by the Finance team in consultation with external audit.

5. Risks

- 5.1 The reporting and approval of the annual accounts is a statutory function. The accounts are examined and certified by independent auditors, therefore there are no risks associated with the proposals.

6. Implications arising from the proposal

- 6.1 All implications arising from the proposals are covered within the report and its associated appendices.

7. Appendices

- 7.1 **Appendix A** – Forest Heath District Council Annual Results Report 2018/2019 (*to be distributed separately*)

Appendix B – St Edmundsbury Borough Council Annual Results Report 2018/2019 (*to be distributed separately*)

Appendix C – Forest Heath District Council Letter of Representation

Appendix D – St Edmundsbury Borough Council Letter of Representation

8. Background documents

- 8.1 None.