

	Audit and Standards Advisory Committee 26 July 2018
	Report from the Chief Finance Officer
Statement of Accounts 2017/18 and External Auditor's Report	

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	Two: <ul style="list-style-type: none"> • ISA 260 Report • Letter of Representation
Background Papers:	N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Conrad Hall Chief Finance Officer Email: conrad.hall@brent.gov.uk Tel: 020 8937 6528 Ben Ainsworth Head of Finance Email: Benjamin.ainsworth@brent.gov.uk Tel: 020 8937 1731

1.0 Summary

- 1.1 The Audit and Standards Committee has responsibility for considering issues raised by the external auditors as part of the process of approving the annual statement of accounts. The basis for this consideration is the “report to those charged with governance” also referred to as the ISA260 report. The Council’s external auditors, KPMG, produce the report following completion of the audit of accounts. The report is intended to identify any changes to the accounts, unadjusted mis-statements or material weaknesses in controls identified during the audit work. It also provides the findings from the value for money conclusion for the year.

- 1.2 At the time of writing this report KPMG are in the process of completing the audit of the 2017/18 accounts and their ISA260 report, reflecting the current position, will follow and become Appendix 1 to this report. Based on the current position KPMG intends to give unqualified opinions on the Council and Pension Fund accounts and a clear value for money conclusion.
- 1.3 Representatives from KPMG will attend the meeting to provide an update on the audit and respond to any matters raised by the Committee.

2.0 Recommendations

- 2.1 The Committee is asked to:

Review the report to those charged with Governance from KPMG and:

- consider the key issues and recommendations
- consider the corrected audit differences
- approve the statement of accounts
- approve the letter of representation to KPMG

3.0 Detail

Statement of Accounts

- 3.1 The draft statement of accounts for 2017/18 was published on the Council's website on the 31 May, as required by statutory regulation. This timescale is a month earlier than last year and has required the Council to both shorten its processes and make more use of estimation to produce the accounts on time.
- 3.2 The audit of the accounts commenced in June, and needs to be completed by the 31 July. This reduces the time allowed for audit by a month compared to 2016/17, which has meant that in addition to producing the accounts in a shorter timeframe they have to be produced with higher quality working papers as there is less time to conclude any audit queries. In total, two months has been removed from the overall timetable to prepare and audit the accounts.
- 3.3 The attached ISA260 report sets out the anticipated results of the audit with the following key points being:
- Unqualified audit opinion
 - Positive feedback on the accounts production and audit process
 - the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources
- 3.4 As a result of the audit a number of adjustments to the accounts have been agreed by council officers and KPMG. These are shown in section three of the auditor's report. The only material adjustment is as a result of missed revaluation of additions and enhancements made to council dwellings. Although these adjustments are significant in value they do not have any impact on the council's general fund or HRA position, or its future spending plans. As a result of these adjustments the principal changes are that the value of the council's assets has decreased and the value of the Council's unusable

reserves has increased. There are smaller adjustments that have been agreed to ensure that leases are treated correctly, that the pension fund estimates are up to date, and that I4B assets have been transferred to I4B from the council.

- 3.5 As might be expected in the first year of an accelerated timetable to close the accounts, there are a number of recommendations from KPMG for how the process can be improved in future years. Officers will be putting these recommendations into effect with a revised plan for closing the 2018/19 accounts.

Publication of Statement of Accounts

- 3.6 The Council is required to publish the 2017/18 accounts by 31 July 2018. Once approved, the statement of accounts will be published on the Council's website.
- 3.7 Once the audit has been completed a Letter of Representation needs to be signed prior to KPMG issuing an audit opinion. A draft letter, setting out confirmation from the Council regarding the financial statements and information provided as part of the audit process, is attached as Appendix 2.

4.0 Financial Implications

- 4.1 There have been some adjustments to the Statement of Accounts during the course of the audit. None of these have impacted on the medium term financial position of the Council.

5.0 Legal Implications

- 5.1 No specific implications.

6.0 Equality Implications

- 6.1 No specific implications.

7.0 Consultation with Ward Members and Stakeholders

- 7.1 Not applicable.

Report sign off:

Conrad Hall
Chief Finance Officer