

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Audit and Corporate Governance Committee

29 September 2017

AUTHOR/S: Executive Director (Corporate Services)

APPROVAL OF THE 2016/17 STATEMENT OF ACCOUNTS

Purpose

1. To approve the amended 2016/17 Statement of Accounts and to discuss and agree the letter of representation.
2. This is not a key decision but is a legal and auditing requirement.

Recommendations

3. That approval of the 2016/17 Statement of Accounts is delegated to the Chair of the Audit and Corporate Governance Committee in consultation with the Executive Director (Corporate Services).
4. That the Chair of the meeting be authorised to sign the letter of representation on behalf of the Council.

Reasons for Recommendations

5. It is a legal requirement under the Accounts and Audit (England) Regulations 2015 for the Statement of Accounts to be considered and approved no later than 30 September.
6. It is an auditing requirement under International Auditing Standard (UK and Ireland) 580 for the letter of representation to be discussed and agreed by those charged with governance.

Background

7. The Statement of Accounts 2016/17 (subject to audit) was certified by the Executive Director (Corporate Services) as the Council's responsible financial officer on 13 July, following an informal briefing of the Committee.

Considerations

8. The preparation and audit of the Council's accounts are substantially complete. The Committee will receive a verbal update on the status of the accounts presented, as at the time of writing this report work is ongoing to finalise adjustments to the accounts and for Ernst & Young, the Council's external auditors, to complete their review of the accounts. The Committee is therefore being asked to delegate approval of the final version of the accounts to the Committee Chair, in consultation with the Executive Director (Corporate Services).
9. The results of the audit of the Council's accounts are set out in the auditor's Audit Results Report, which is a separate item on this agenda. The amendments to the statements and disclosures, notified by the auditors in that report have been, or will be, included in the final version of the statement of accounts at **Appendix A**. The Results Report indicates that the Council will receive an unqualified opinion.
10. In accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy Code of Practice; the Council has prepared group accounts to

show the overall financial position and results of the District Council including South Cambs Limited, its wholly owned subsidiary. For the purposes of these accounts transactions between the parent entity and subsidiary are excluded and the remaining transactions of both organisations consolidated in group statements.

11. International Auditing Standard (UK and Ireland) 580 requires the auditor to have received a letter of representation drawn up by the Council that provides written confirmation on matters that might be relevant or significant to the statement of accounts. This letter is signed as near as possible to the date of the auditor issuing his opinion. The auditing standard requires that the letter is 'discussed and agreed by those charged with governance and signed on their behalf..... to ensure that all those charged with governance are aware of the representations on which the auditor intends to rely in expressing the auditor's opinion on those financial statements'. Ernst and Young therefore requires the letter of representation to be signed by the Executive Director (Corporate Services) by the Chair of Audit and Corporate Governance Committee. A draft of the letter is included at **Appendix B**.

Implications

Financial

12. Included in the report above.

Risk Management

13. There is a reputational risk to the Council if the accounts cannot be agreed with the Auditors and issued with an unqualified audit opinion.

Effect on Strategic Aims

14. The amended Statement of Accounts confirms the balances available for inclusion in the medium term financial strategy.

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