

AUDIT COMMITTEE

29 JULY 2019

AUDIT FINDINGS REPORT 2018/19 AND STATEMENT OF ACCOUNTS 2018/19

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Summary

This report considers the issues raised in the Council's External Auditor's Audit Findings Report, which incorporates the findings following the 2018/19 audit of the Statement of Accounts.

The Accounts and Audit Regulations 2015 require that the Audit Committee consider these issues prior to approval of the Statement of Accounts.

1. Budget and Policy Framework

- 1.1 The Audit Commission's Code of Audit Practice and International Standard of Auditing (ISA 260) requires the results of the audit to be reported to those charged with governance. This Committee has been delegated with the responsibility for considering these reports and agreeing the Council's response. In addition, the Committee, on behalf of the Council, must explain reasons for not adjusting the Statement of Accounts for the issues raised within the auditor's report. All amendments to factual data have been made.
- 1.2 The Accounts and Audit Regulations 2015 require that the Audit Committee consider these issues by 31 July 2019.
- 1.3 This item has been circulated separately to the main agenda. The Chairman of the Committee is of the opinion that it should be considered at this meeting as a matter of urgency as permitted under section 100B of the Local Government Act 1972 because the next meeting of this Committee would not take place until 26 September 2019 and the issues raised within the Council's External Auditor's Audit Completion report, must, in accordance with the Accounts and Audit Regulations 2015, be considered by this Committee prior to publication of the Statement of Accounts by 31 July 2019. The report was not available in time for despatch with the main agenda as the Auditors needed additional time to complete their work.

2. Background

- 2.1 The draft Statement of Accounts for 2018/19 was published on the Medway Council website on 31 May 2019. At that stage the accounts were subject to final verification. The final Statement of Accounts is attached at Appendix 2.
- 2.2 The audit of the 2018/19 accounts commenced early in June and has continued through July.

3. Auditors Report 2018/19

- 3.1 The Audit Findings Report (Appendix 1) contains the results of the Auditor's review of:
 - Financial Statements;
 - Control Environment;
 - Governance Reporting;
 - Use of Resources; and
 - Associated appendices.
- 3.2 The report states that, subject to satisfactory conclusion of outstanding work, an unmodified audit opinion will be issued in relation to the financial statements and an unqualified value for money conclusion will be issued.
- 3.3 The report also states that the audit did not identify any issues relating to fraud or non-compliance with laws and regulations, and did not identify any related party transactions that had not been disclosed.
- 3.4 The report does note two significant matters discussed with management during the course of the audit, and includes four recommendations for action; management's response to these matters is also included within the report.

4. Financial implications

- 4.1 The financial implications are contained within the body of the report.

5. Legal implications

- 5.1 Auditors are required to comply with the Statement of Auditing Standards, and thus provide an opinion on the Council's Statement of Accounts.

6. Risk management

- 6.1 The risk management implications are contained within the body of the report.

7. Recommendations

- 7.1 Audit Committee note the issues raised and judgements made by the Auditor as presented in Appendix 1, and agree the proposed response as set out at Appendix A to the Auditor's Findings Report.
- 7.2 Audit Committee approves the Statement of Accounts 2018/19 at Appendix 2.

Lead officer contact

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Appendices

Appendix 1 – Audit Findings Report

Appendix 2 – Statement of Accounts 2018/19

Background papers

None