

	<h2>Audit Committee</h2> <h3>27 July 2017</h3>
Title	Statement of Accounts and External Auditor's Audit Findings Report for the year 2016/17
Report of	Director of Resources - Statutory 151 Officer
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Audit Findings Report Appendix B –Statement of Accounts 2016/17
Officer Contact Details	Gillian Clelland – Assistant Director, CSG Finance Service Gillian.Clelland@barnet.gov.uk 020 8359 5310

Summary

The external audit of the Council's Statement of Account is undertaken by BDO. The attached report at Appendix A provides the findings of BDO to date. BDO anticipate providing an unmodified opinion on the Council's financial statements subject to the clearance of the outstanding matters on page 5 of the findings report

BDO were presented with the draft financial statements on 31 May 2017 and accompanying working papers on 5 June 2017 and recognised that the finance team worked with their audit team effectively throughout the course of the audit to progress testing and respond to audit queries. The accounts must be approved and published by 30 September 2017.

In providing the opinion on the financial statements, BDO are required to reach a conclusion on the adequacy of the Council's arrangements for ensuring economy, efficiency and effectiveness in its use of resources (the Value for Money Conclusion). The Audit Findings Report contains matters raised by the auditor and their

recommendations on the issues. Any further update on these items will be given verbally at the meeting. To assist Members in reviewing the external auditor's comments the Statement of Accounts 2016/17 is attached to this report.

Recommendations

- 1. That the Committee consider the Statement of Accounts 2016/17 and recommend that they be signed by the Chairman and the Director of Resources (Statutory 151 Officer) on behalf of the Council when the audit is complete and the ISA260 report is produced, unless there are any significant unadjusted changes that would affect the true and fair value assessment of the auditors.**
- 2. That the matters raised by the external auditor relating to detailed aspects of the 2016/17 accounts audit be noted.**

1. WHY THIS REPORT IS NEEDED

- 1.1 Under Section 151 Local Government Act 1972- "...every local authority shall make arrangements for the proper administration of their financial affairs. Additionally, in accordance with International Standard on Auditing (ISA) 260, the external auditor is required to issue detailed reports on matters arising from the audit of the council's accounts and pension fund accounts. The final report of the auditors will be provided at the meeting

2. REASONS FOR RECOMMENDATIONS

- 2.1 So that the Council can meet its legal obligation to produce audited financial statements.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None

4. POST DECISION IMPLEMENTATION

- 4.1 None

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

Review of reports made under the International Standard on Auditing (ISA) 260 are an integral part of corporate governance. This is in line with Barnet's Corporate Plan – to make sure Barnet is a place "where services are delivered efficiently to get value for the taxpayer".

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT,

Property, Sustainability)

5.2.1 The Statement of Accounts shows the financial position of the council as at 31 March 2017.

5.3 Legal and Constitutional References

5.3.1 Section 151 Local Government Act 1972- "...every local authority shall make arrangements for the proper administration of their financial affairs.

5.3.2 The Council is a public authority that is subject to the audit of its annual accounts by an external auditor. The Local Audit and Accountability Act 2014, Part 5 specifies the 'Conduct of local audit'

5.3.3 Part 9 of the Accounts and Audit Regulations 2015 requires that the statement of accounts must be considered by a committee or full council and approved by a resolution of that body. The accounts must then be signed by the person presiding at the meeting. The section 151 officer must then re-confirm on behalf of the authority that they are satisfied that the statement of accounts presents a true and fair view of the financial position of the authority and its income and expenditure for that year.

5.3.4 The 2015 Regulations also require that the accounts are published by 30 September 2017. From next year the requirement is for publication by 31 July each year, two months earlier than the current statutory deadline.

5.3.5 The International Standard on Auditing (UK and Ireland) 260 deals with the auditor's responsibility to communicate with those charged with governance in an audit of financial statements. A link to the website containing ISA 260 can be found at <https://www.frc.org.uk/Our-Work/Publications/Audit-and-Assurance-Team/ISA-%28UK-and-Ireland%29-260-Communication-with-those.pdf>

5.3.6 The Council's Constitution, Responsibility for Functions, Annex A - the functions of the Audit Committee are detailed and include "To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council" and "To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts".

5.4 Risk Management

5.4.1 A positive external audit opinion on Barnet's Statement of Accounts plays an essential and key role in providing assurance that Barnet's financial risks are managed in an environment of sound stewardship and control.

5.4.2 There are no key risks relating to the production, audit or publishing of the Statement of Accounts identified in the service risk register.

5.5 Equalities and Diversity

5.5.1 Accurate financial reporting is important to ensure the management of resources to enable the equitable delivery of services to all members of the community and to reduce the differential impact of the services received by all of Barnet's diverse communities.

5.6 Consultation and Engagement
N/A

6. BACKGROUND PAPERS

6.1 None