



Audit committee

16:35 to 18:05

26 September 2017

Present: Councillors Price (chair), Coleshill, Jones (B), Maxwell and Schmierer

Apologies: Councillors Driver (vice chair), Bradford and Lubbock

Also present: Councillor Kendrick (cabinet member for resources)

(The chair welcomed Hannah Simpson, who had been appointed strategic finance business partner (deputy S151 officer) (LGSS).)

1. Public questions/petitions

There were no public questions or petitions received.

2. Declarations of interest

There were no declarations of interest.

3. Minutes

RESOLVED to agree the accuracy of the minutes of the meeting held on 5 September 2017.

4. Statement of Accounts and Audit Results Report 2016-17

The chief finance officer presented the covering report and referred to the letter of management representation, attached as Appendix 3 of the report.

During her presentation, the chief finance officer answered members' questions on her decision to not correct the one unadjusted audit difference that the external auditors had identified in the financial statements. The error relating to the interest on the decent homes grant would be corrected for next year's Statement of Accounts and steps had been taken to ensure that it was not repeated in future years. In making her decision not to correct the error in the financial statements, she took into consideration that the amount of work involved would be disproportionate; that it was a notional sum and did not impact on the council's useable reserves and that the small financial team needed to close the accounts and move on to other areas of its work. She also explained the closure of accounts project plan for next year would ensure that advertisement and arrangements for the public inspection period of the accounts complied fully with the Account and Audit Regulations 2015.

In conclusion, the chief finance officer said that she was very proud that the finance team at Norwich had been the only one of the LGSS group to close the accounts at

the end of May. The financial statements were one part of the work of a small team which had made major contributions to the success of the council's transformation and investment strategy so that the council could deliver services more efficiently. Next year facts and figures relevant to the committee would be highlighted in the draft statement of accounts.

The external auditor presented the Audit Report, as set out in Appendix 2 of the report. The report, which had been issued on 8 September, could now be signed off as all outstanding actions had been completed.

In reply to a question from the chair, the external auditor said that he concurred with the chief finance officer's decision not to correct the unadjusted audit difference and that it was not material to their audit opinion. The external auditors had identified a number of adjustments and minor disclosure adjustments which had been corrected by management (as set out in Section 4 of the report). He considered that these were a good set of accounts. The external auditors would be issuing an unqualified opinion on the accounts.

Discussion ensued in which the external auditor answered members' questions. He said that the requirement to complete the audit by the end of July would present a challenge but some parts of the audit could be brought forward. The chair, acknowledging this, invited the external auditor to approach him if any problems arose in meeting the new deadline. The external auditor said that the audit would be more streamlined and clearly targeted. A toolkit was being prepared to test working papers. In reply to a member's question, the chief finance officer confirmed that external pressures on the council's budget would not affect the finance team's ability to deliver the accounts by the end of May. The accounts covered all the financial transactions during the financial year which started on 1 April and ended on 31 May. There were actions being undertaken to enable the closure of the accounts earlier. Meeting the earlier deadline would be particularly difficult for district councils. Many larger authorities had dedicated teams to close down the accounts. Members considered that this would create additional pressure on both the finance teams and the external auditors. The chair requested that he would be notified immediately if there were any issues arose in meeting the new deadlines.

The chair commented on the documents which he considered were well laid out and easy to understand.

RESOLVED to:

- (1) approve the statement of accounts presented in Appendix 1 of the report, and delegate to the chief finance officer, in consultation with the chair, the signing of the accounts by 30 September 2017;
- (2) review and note the Audit Results Report, Appendix 2, from the council's external auditor;
- (3) review and approve the draft letter of management representation presented in Appendix 3 of the report, including the chief finance officer's rationale for not correcting an audit difference within the financial statements.

- (4) thank the finance team for its achievement in closing the accounts by 31 May 2017.

CHAIR