

REPORT TITLE: AUDIT RESULTS REPORT FOR THE YEAR ENDED 31 MARCH 2017

28 SEPTEMBER 2017

REPORT OF PORTFOLIO HOLDER: Cllr Guy Ashton

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WARD(S): ALL

PURPOSE

This report summarises the *Audit Results Report for the Year Ended 31 March 2017* that has been presented by the Council's external auditors, EY. The report details the findings from the audit of the Financial Statements for 2016/17 and the results of the External Auditor's work on the Council's arrangements to secure value for money in the use of resources.

RECOMMENDATIONS:

That the Audit Committee:

1. Consider the matters presented in the Auditor's Report (appendix A) and take the opportunity to raise any points of clarification or concerns with EY, who will be present at the meeting.
2. Approves the Letter of Representation (appendix A).

## IMPLICATIONS:

### 1 COUNCIL STRATEGY OUTCOME

- 1.1 External Audit findings contribute to the corporate governance arrangements of Winchester City Council, which in turn supports the achievement of the objectives of the Community Strategy.

### 2 FINANCIAL IMPLICATIONS

- 2.1 The fee for the audit of the 2016/17 Statement of Accounts was planned to be £56,336. The final fee has been proposed to be £61,436. The increase of £5,100 is for additional work undertaken in relation to the Value for Money conclusion.
- 2.2 The final fee for the certification of claims and returns is £6,630, a 20% reduction on the planned fee of £8,483. This saving reflects the increased reliance EY have placed on testing conducted by the Council's own staff.

### 3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 None

### 4 WORKFORCE IMPLICATIONS

- 4.1 None

### 5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None

### 6 CONSULTATION AND COMMUNICATION

- 6.1 None

### 7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None

### 8 EQUALITY IMPACT ASSESSMENT

- 8.1 None

### 9 RISK MANAGEMENT

- 9.1 None

### 10 SUPPORTING INFORMATION:

- 10.1 Proposed opinion

EY expect to issue an unqualified opinion on the financial statements.

#### 10.2 Status of the audit work

EY commenced their work on auditing the financial statements at Winchester City Council on 20<sup>th</sup> July. At the time of issuing their Annual Results Report they have substantially completed their work though some work remains outstanding (see page 5 of Appendix A).

EY expect to complete their work and issue an unqualified opinion on the Council's financial statements at the same time as issuing the audit certificate.

#### 10.3 Audit differences

In the course of the audit EY identified a number of non-material misstatements which the Council has changed in the final Annual Financial Report (see report AUD196 later on the agenda).

Additionally, since the draft Annual Financial Report was published in June, officers identified the miscategorisation of some of the Council's investments in the Financial Instruments note. Some available for sale financial instruments (£4.17m of long term and £9.16m of short term) were disclosed as loans and receivables. The categories were adjusted in Note 12 but this has not resulted in any change to the total value of investments.

There were no uncorrected misstatements at the time that the Audit Results Report was issued.

#### 10.4 Value for money conclusion

EY have conducted extensive work on establishing their Value for Money conclusion. This work covered the Council's ability to deliver medium term financial balance and progress on developing the Council's organisational structure.

EY are proposing an unqualified opinion in respect of the Council's arrangements to secure economy, efficiency and effectiveness in the use of its resources.

### 11 OTHER OPTIONS CONSIDERED AND REJECTED

#### 11.1 N/A

#### BACKGROUND DOCUMENTS:-

##### Previous Committee Reports:-

AUD190: Annual Governance Statement 2016/17, 29 June 2017

AUD183: EY (External Audit) Audit Plan 2016/17, 7 March 2017

AUD158: Annual Audit Fee 2016/17, 28 June 2016

Other Background Documents:-

None.

APPENDICES:

Appendix A Audit Results Report for the year ended 31 March 2017 including the Letter of Management Representation 2016/17.