

CHESHIRE EAST COUNCIL

REPORT TO: Audit and Governance Committee

Date of meeting: 29th September 2016
Report of: Chief Operating Officer
Title: 2015/16 Audit Findings and Action Plan
Portfolio Holder: Councillors Peter Groves and Paul Findlow

1.0 Report Summary

- 1.1. Grant Thornton anticipate providing an unqualified opinion in respect of the financial statements and propose to give an unqualified Value for Money conclusion based on their review of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.
- 1.2. The audit findings report sets out a small number of recommendations in respect of the financial statements for the Council to take forward. These are set out in Appendix 1 to this report together with the Council's proposed actions to address the auditors' recommendation.

2.0 Recommendations

- 2.1. The Committee is asked to note and endorse the management responses and action plan set out in Appendix 1.

3.0 Reasons for Recommendations

- 3.1 The external auditors are required under the Audit Commission's Code of Practice to report whether, in their opinion, the Council's financial statements present a 'true and fair view' of the financial position for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. They are also required to reach a conclusion on the whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).
- 3.2 In arriving at their opinion and conclusion for 2015/16, the auditors have made a small number of specific recommendations for improvement.

4.0 Wards Affected

- 4.1 Not applicable.

5.0 Local Ward Members

5.1 Not applicable.

6.0 Policy Implications

6.1 None.

7.0 Implications for Rural Communities

7.1 None

8.0 Financial Implications

8.1. The Chief Operating Officer expects any cost implications arising from the recommendations in this report will be contained within existing budgets.

9.0 Legal Implications

9.1. There are no specific legal implications arising from the recommendations in this report.

10.0 Risk Assessment

10.1. Failure to satisfactorily address the audit findings and recommendations from 2015/16 may expose the Council to adverse comments from its auditors in the current and future financial years. This could also lead to reputational damage and the possibility of increased audit fees. The management responses in Appendix 1 are intended to avoid this outcome, improve overall financial stewardship and therefore mitigate this risk.

11.0 Background

11.1. The Council's auditors, Grant Thornton present their annual audit findings report to the Audit & Governance Committee on 29 September. These findings form the basis of their audit opinion on the financial statements, and value for money conclusion. Grant Thornton expect to provide an unqualified opinion on the accounts by the statutory deadline of 30 September.

11.2. Grant Thornton will also provide an unqualified conclusion on the Council's arrangements for securing value for money. The auditor's report concluded that the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources.

11.3 Grant Thornton has identified one adjustment that affect the Group and Council's reported financial position. This impacts upon the collection fund statement entry for 'provision for appeals' and effects the business rate deficit for the year and the allocation of these elements. This amendment also affects the primary statements and supporting notes.

- 11.4 Grant Thornton have recognised that the Council has made progress in drawing forward its closedown timetable, in readiness for the earlier deadline that will apply for 2017/18.
- 11.5 The management responses to the specific recommendations made by Grant Thornton are presented in Appendix 1.

12.0 Access to information

- 12.1. The background papers relating to this report can be inspected by contacting the report writer:

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