

CHESHIRE EAST COUNCIL

Audit and Governance Committee

Date of meeting: 24 September 2015
Report of: Chief Operating Officer
Title: 2014/15 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 and target dates for implementation.

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 2014/15, 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 (Authorised by the Chief Operating Officer)

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 (Authorised by the Head of Legal Services)

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 2014/14 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 24 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 recognises that:

The Council continues to demonstrate good financial performance and has made changes to the way in which its services are delivered.

- 11.3 Grant Thornton has identified two adjustments that affect the Group and Council's reported financial position. These amendments relate to the accounting treatment of assets when schools transfer to academy status. As these capital accounting entries are also reversed through the movement in reserves statement, this has no impact on overall reserves. A number of small adjustments have also made that affect the group financial statements. All of the appropriate adjustments have been made to the final Statement of Accounts.
- 11.4 During the audit process, Grant Thornton have welcomed the opportunity to participate in the accounts steering group alongside key finance staff. This engagement has provided a better understanding of the arrangements and the improvements that have been made. Overall, this has contributed to a more efficient audit.
- 11.5 Grant Thornton will continue to work with the Council to support on-going improvements to processes, working papers and testing.
- 11.6 Looking ahead, the Council and Grant Thornton will be discussing how we can work together to bring forward the accounts and audit completion period, ahead of the changes to the national deadlines in 2017/18.
- 11.7 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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