

AUDIT COMMITTEE

6.10 P.M.

30TH OCTOBER 2019

PRESENT:- Councillors Paul Stubbins (Chair), Geoff Knight (Vice-Chair), Alan Biddulph, Abbott Bryning, Jason Firth, Oliver Robinson and David Whitworth (Substitute for Malcolm Thomas)

Apologies for Absence:

Councillor Malcolm Thomas

Officers in attendance:

Paul Thompson	Chief Financial Officer (Head of Finance & Section 151 Officer)
Elaine Dowling	Principal Accountant
Sarah Moorghen	Democratic Support Officer

Also in Attendance:

Paul Hewitson	Director, Deloitte LLP
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15 MINUTES

The minutes of the meeting held on the 12th June 2019 were signed by the Chairman as a correct record.

16 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIR

There were no items of urgent business.

17 DECLARATIONS OF INTEREST

There were no declarations of interest.

18 STATEMENT OF ACCOUNTS 2018/19

The Committee received a report which provided an updated on the progress of the external audit of the Council's 2018/19 Financial Statements.

In accordance with the Accounts and Audit Regulations, the draft Statement of Accounts for 2018/19 had been certified by the s151 Officer on 31st May 2019 and made available for public inspection on 31st May 2019.

It was reported that the external audit of the Statement of Accounts had commenced on 10th June 2019 for an initial period of 7 weeks. On 19th July the external auditors advised on a material error in the Statement of Accounts regarding the recharge of the Council's internal support services within the Comprehensive Income and Expenditure Statement (CI&ES). Audit Committee was then postponed until the additional work required by officers and external audit was complete.

The Committee was advised that although the error was material, in that it could

influence decisions that users made based on the financial information of the Council, it related to internal accounting arrangements and had no impact on the Council's net reported financial position.

The Committee was advised that the priority was to get the Statement of Accounts signed off without a qualified opinion and officers were currently engaged with external audit to reach a resolution. The Committee was advised on the outstanding work and the possible options for resolution.

It was reported that although the majority of the outstanding work was now completed there remained a significant difference of opinion between officers and the external auditors regarding some of the Council's property valuations. Officers were working with the external auditors to address concerns, however, until this issue had been resolved the Statement of Accounts could not be approved and the external auditors had advised that there was a possibility that they would wish to qualify the Statements.

It was reported that, with regard to the Value for Money (VFM) Opinion, although a couple of minor items remained outstanding, no significant issue had been raised and an unqualified opinion was expected.

The Committee was advised that none of the issues raised during the course of the audit, or those that remain outstanding would have any impact on the financial outturn previously reported to Members.

Councillors ask a number of questions regarding the council's assets and were advised that assets were valued on a 3 year cycle with investment properties valued annually. The Committee also discussed the land at Scotforth Cemetery and the four possible options put forward for resolution of the audit process.

The Chairman, with the agreement of the Committee, agreed to take the decision on this item following consideration of Agenda Item 6, External Audit ISA 260 Report (minute 19 refers).

19 EXTERNAL AUDIT ISA 260 REPORT

The Committee received that External Audit ISA 260 Report prepared by Deloitte.

Paul Hewitson, Director of Deloitte LLP, guided the Committee through the report and advised on the key issues identified during the audit of the financial statements.

The Committee was advised that a number of the outstanding issues highlighted in the report had been resolved since its publication.

It was reported that, subject to the resolution of the outstanding valuation issue, the findings of the audit had been varied with the majority reflecting historic accounting treatment and processes. Recommendations had been made for the Council's future financial reporting and VFM arrangements, many of which were already known and work on them was in progress.

The Chief Financial Officer/Section 151 Officer advised the Committee that none of the issues raised during the course of the audit, or those that remain outstanding would

have any impact on the financial outturn previously reported to Members.

The Section 151 Officer declined to revise the Statement of Accounts for the items noted as unadjusted misstatements within the ISA260 Report on the grounds that they were not material.

Members asked a number of questions in relation to the additional audit fees and the impact of IFRS 16 on councils leases.

Resolved:-

- (1) That the adjustments to the financial statements and the other issues raise by the auditor, set out at Appendix 'A' to the report be noted.
- (2) That the Statement of Accounts 2018/19 report (minute 18 refers) be noted and following the conclusion of the audit, the Chair, in consultation with the Section 151 Officer, be authorised to approve the Statement of Accounts and to sign the letter of representation.

Chair

(The meeting ended at 7.35 p.m.)

**Any queries regarding these Minutes, please contact
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