

AUDIT AND RISK COMMITTEE

23 July 2019

EXTERNAL AUDITORS REPORT

Report of the Strategic Director for Resources

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| Strategic Aim: | Sound Financial and Workforce Planning | |
| Exempt Information | No | |
| Cabinet Member(s) Responsible: | Mr G Brown, Portfolio Holder for Environment, Planning, Property, and Finance | |
| Contact Officer(s): | Saverio Della Rocca, Strategic Director for Resources | 01572 758159 sdrocca@rutland.gov.uk |
| | Andrew Merry, Finance Manager - Technical | 01572 758152 amerry@rutland.gov.uk |
| Ward Councillors | Not Applicable | |

DECISION RECOMMENDATIONS

That the Committee:

1. Receive the External Auditors Report and consider any issues arising; and
2. Approve the letter of representation in Appendix 2 for signing by the Chair of this Committee and the s151 Officer.

1 PURPOSE OF THE REPORT

- 1.1 The external auditors report to those charged with governance is appended to this report. The report informs the Committee on matters arising from the audit of the financial statements and the results of the work undertaken to assess the Council's arrangements to secure value for money in its use of resources.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The Statement of Accounts (SoA) was approved for publication by the s151 Officer on 31 May 2019 and submitted to the external auditor, together with accompanying working papers for the start of the audit in July.
- 2.2 A number of minor presentational changes were agreed with the external auditor

during the course of the audit and these have been incorporated into the final SoA. Details are included in Appendix 1 of the auditor's report. The Council has also adjusted for the McCloud judgement in relation to the Pension Fund. This is explained on page 7 of the audit report:

“The Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members. The legal ruling around age discrimination (McCloud - Court of Appeal) has implications not just for these pension funds, but also for other pension schemes where they have implemented transitional arrangements on changing benefits. The LGPS Scheme Advisory Board (with the consent of the Ministry of Housing, Communities and Local Government) commissioned GAD to prepare an assessment of the financial impact of the McCloud judgement on an LGPS scheme-wide basis to inform the financial reporting of participating entities. The report shows the estimates of the cost of the remedy if the LGPS underpin was found to result in unlawful age discrimination.

As a result of the ruling and the GAD review, we have worked with the Council to consider the implications and as a result the Council have commissioned a further actuarial assessment to include the impact of the findings. As a result of the actuarial assessment there has been a material increase in the pension liability to be disclosed by the Council, which has been reflected in an amendment in the financial statements”

- 2.3 None of the changes have affected the overall financial position and the General Fund balance at 31 March 2019. At the time of writing this report, Members will be pleased to note that the Council is again expecting an unmodified audit opinion on the SoA.
- 2.4 The Auditors are also expected to conclude that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources – this is the Value for Money (VfM) opinion.
- 2.5 Any recommendations or changes to this as a result of the audit will be tabled at the meeting when the auditors present their findings.
- 2.6 The Council is required to provide a signed version of the letter of representation (Appendix 2) stating the basis upon which the SoA have been compiled. The external auditors sometimes request specific assurances about certain areas but this is not the case in this instance.
- 2.7 Whilst the auditors will be able to give an opinion on the SoA and on VfM, they will not be able to certify the closure of the audit because of objections received from local electors. The auditor will deal with these as necessary and advise the Council of any further work that may be required.

3 CONSULTATION

- 3.1 Under the Accounts and Audit Regulations 2015 and the Local Audit and Accountability Act the public have been able to view and comment on the accounts from the 3 June 2018 and ending on the 12 July 2019 (30 working days). The Council has had no requests to view or comment on the accounts. As indicated in 2.7 the auditors have received comments directly.

4 ALTERNATIVE OPTIONS

- 4.1 The Audit and Risk committee could choose not to sign the Letter of Representation. However, doing so would result in the Council not meeting its statutory duty to approve and publish audited accounts by the 31 July 2019.

5 FINANCIAL IMPLICATIONS

- 5.1 None.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 Section 3 of Part 3 of the Councils Constitution state that it is the responsibility of the Audit and Risk Committee to approve the Councils Annual Statement of Accounts and Annual Governance Statement, which the letter of representation forms part of.
- 6.2 Other than the statutory requirement to publish the signed audited accounts by the 31 July 2019, there are no further legal considerations.

7 DATA PROTECTION IMPLICATIONS

- 7.1 A data protection impact assessment has not been completed as there are no data protection implications.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality Impact Assessment (EqIA) has not been completed because the report does not represent the introduction of a new policy or service or a change / review to an existing policy or service.

9 COMMUNITY SAFETY IMPLICATIONS

- 9.1 There are no community safety implications.

10 HEALTH AND WELLBEING IMPLICATIONS

- 10.1 There are no health and wellbeing implications.

11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 11.1 This report presents the opinion from the external auditors and highlights some of the key matters, and asks the Audit and Risk Committee to approve the letter in line with their constitutional responsibility.

12 BACKGROUND PAPERS

- 12.1 There are no additional background papers to the report.

13 APPENDICES – TO BE PRESENTED AT THE MEETING

- 13.1 Appendix 1 – External audit report
- 13.2 Appendix 2 – Letter of representation

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.