

<b>Report of:</b>	<b>Head of Finance</b>
<b>Contact Officer:</b>	<b>Emma Fullagar</b>
<b>Telephone No:</b>	<b>01543 464720</b>
<b>Portfolio Leader:</b>	<b>Corporate Improvement</b>
<b>Key Decision:</b>	<b>No</b>
<b>Report Track:</b>	<b>Audit &amp; Governance only</b>

**AUDIT AND GOVERNANCE COMMITTEE**  
**27 SEPTEMBER 2016**  
**EXTERNAL AUDIT OF THE STATEMENT OF ACCOUNTS 2015/16**

**1 Purpose of Report**

- 1.1 To report the process for the approval of the audited statement of accounts for the financial year ended 31 March 2016.

**2 Recommendations**

- 2.1 That members note the contents of the report with reference to the separate reports elsewhere on the agenda covering:
- a) The Audit Findings for Cannock Chase District Council;
  - b) Statement of Accounts 2015/16.
- 2.2 Members approve the Management Representation letter (to be signed by the Chair on behalf of the Committee).

**3 Key Issues and Reasons for Recommendation**

- 3.1 The Council is required to publish its accounts, including the auditor's report by 30 September each year.

**4 Relationship to Corporate Priorities**

- 4.1 The annual Statement of Accounts is an important part of the Council's corporate governance arrangements which cut across all of the Council's priorities.

**5 Report Detail**

- 5.1 The approval process for the Statement of Accounts requires the accounts to be certified by the Section 151 Officer (Head of Finance) by the 30 June as providing a true and fair view of the financial position of the Council as at the 31 March 2016. The accounts are then audited and considered by Audit and Governance Committee alongside the 'Audit Findings' report by 30 September.
- 5.2 External Auditors are required to report the matters arising from their audit of the financial statements via the 'Audit Findings' report to Audit and Governance Committee before they are able to provide an opinion which will enable the accounts to be published.
- 5.3 The Council operate a rolling programme of valuations over a 5 year period but are required to ensure that the carrying value is not materially different than the value if they had been revalued. For this financial year due to the increases in construction industry building costs this has required a change in fixed assets for Cannock Chase Leisure Centre of £2.322 million. Although this has increased the balance sheet of fixed assets it has no impact on the Council's finances as the increase is offset by an increase in unusable reserves. In addition a number of minor amendments have been made in respect of the presentation and classification of information contained in the notes however the changes do not affect the financial position of the Council.
- 5.4 The Council's external auditors have a duty to report to those charged with governance those issues arising from the audit of the financial statements of Cannock Chase District Council.
- 5.5 The auditors who must provide a representation in terms of their integrity, objectivity and independence will review and report on the following issues:
- Qualitative aspects of financial reporting
  - Misstatements within the accounts
  - Material weaknesses in internal control
- 5.6 The contents of the report and in particular any misstatements and recommendations for future improvements are discussed with officers following the audit and the accounts amended accordingly.
- 5.7 The 'Audit Findings' report forms a separate item on the agenda and details the changes made and recommendations for performance improvement.
- 5.8 Members should note that the report also provides an assessment of the arrangements put in place to secure economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).

- 5.9 As part of the formal audit conclusion process, the Responsible Financial Officer is required to submit the attached Management Representation Letter (Appendix 1) to the Appointed Auditor having obtained acknowledgement by the Audit and Governance Committee.

**6 Implications****6.1 Financial**

None

**6.2 Legal**

None

**6.3 Human Resources**

None

**6.4 Section 17 (Crime Prevention)**

None

**6.5 Human Rights Act**

None

**6.6 Data Protection**

None

**6.7 Risk Management**

None

**6.8 Equality & Diversity**

None

**6.9 Best Value**

None

**7 Appendices to the Report**

Appendix 1 – Management Representation Letter

**Previous Consideration – Nil**

**Background Papers - File available in Financial Services**

**AUDIT AND GOVERNANCE COMMITTEE****27 SEPTEMBER 2016****Management Representation Letter**

James Cook  
Grant Thornton UK LLP  
Colmore Plaza  
20 Colmore Circus  
Birmingham  
B4 6AT

CONTACT Bob Kean  
DIRECT 01543 464334  
DIAL  
FAX bobkean@cannockchasedc.gov.uk  
EMAIL  
OUR REF  
YOUR REF 27 September 2016  
DATE

Dear James,

**Cannock Chase District Council - Financial Statements for the year ended 31 March 2016**

This representation letter is provided in connection with the audit of the financial statements of Cannock Chase District Council for the year ended 31 March 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and applicable law. We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**Financial Statements**

- i We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 ("the Code"); which give a true and fair view in accordance therewith.
- ii We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

- iv We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- vi We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- vii Except as disclosed in the financial statements:
  - a there are no unrecorded liabilities, actual or contingent
  - b none of the assets of the Council has been assigned, pledged or mortgaged
  - c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- ix Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.
- x All events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.
- xi Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of the Code.
- xii We have considered the adjusted misstatements, and misclassification and disclosure changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xiii We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

- xv We confirm that we have undertaken further valuations on our asset base in addition to our five year rolling programme in order to gain adequate assurance that the total carrying value is not materially different to the fair value. We are satisfied that the carrying value of our properties in the financial statements are not materially different to their fair value.

### **Information Provided**

- xvi We have provided you with:
  - a access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - b additional information that you have requested from us for the purpose of your audit; and
  - c unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
- xvii We have communicated to you all deficiencies in internal control of which management is aware
- xviii All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xix We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xx We have disclosed to you all our knowledge of fraud or suspected fraud affecting the Council involving:
  - a management;
  - b employees who have significant roles in internal control; or
  - c others where the fraud could have a material effect on the financial statements.
- xxi We have disclosed to you all our knowledge of any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, regulators or others.
- xxii We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiii We have disclosed to you the identity of all the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiv We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

**Annual Governance Statement**

xxv We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

**Narrative Statement**

xxvi The disclosures within the Narrative Statement fairly reflect our understanding of the Council's financial and operating performance over the period covered by the financial statements.

**Approval**

The approval of this letter of representation was minuted by the Council's Audit Committee at its meeting on 27<sup>th</sup> September 2016.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Council