

AUDIT AND GOVERNANCE COMMITTEE

Report subject	External Audit - Audit Findings Reports 2018/19 for the three legacy Councils (Bournemouth, Christchurch and Poole Councils)
Meeting date	25 July 2019
Status	Public Report
Executive Summary	<p>The attached reports set out the findings of the Councils' external auditor following their audit of the three legacy Councils' Statement of Accounts 2018/2019. The key points to note are:</p> <ul style="list-style-type: none"> • Grant Thornton anticipate providing an unqualified opinion on the financial statements for each of the three legacy Councils; and that • Grant Thornton were satisfied that, in all significant respects, the three legacy Councils had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources (unqualified VFM conclusion).
Recommendation(s)	<p>It is RECOMMENDED that:</p> <p>The Audit & Governance Committee notes the audit opinion and findings of the Councils' external auditor following their audit of the three legacy Councils' statement of accounts 2018/19.</p>
Reason for recommendation(s)	<p>To ensure that the Audit & Governance Committee are fully informed of the audit opinion and findings of the Councils' external auditor following their audit of the three legacy Councils' financial statements for the year ended 31 March 2019, as set out in the reports attached.</p>

Portfolio Holder(s):	Councillor Vikki Slade (Leader of the Council)
Corporate Director	Julian Osgathorpe (Corporate Director Resources)
Contributors	Nigel Stannard (Head of Audit & Management Assurance) Simon Milne (Deputy Chief Internal Auditor) Dan Povey (Assistant Chief Finance Officer)
Wards	All Wards
Classification	For Information

Background

1. Under the National Audit Office's (NAO's) Code of Audit Practice and Auditor Guidance Note, the external auditor is required to report whether, in their opinion, the Council's financial statements present a true and fair view of the Council's financial position. In addition, the external auditor is required to reach a formal conclusion on 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).
2. This report sets out the findings of the Councils' external auditor following their audit of the three legacy Councils' Statement of Accounts 2018/2019.

Audit Findings Reports

3. The attached reports (Appendix A, B & C) highlights the key matters arising from the audit of the three legacy Councils' financial statements for the year ended 31 March 2019.
4. The following key issues from the reports are noted:
 - Grant Thornton anticipate providing an unqualified opinion on the financial statements for each of the three legacy Councils; and that
 - Grant Thornton were satisfied that, in all significant respects, the three legacy Councils had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources (unqualified VFM conclusion).
5. All three sets of legacy financial statements required restating after their certification by the Chief Finance Officer on 31 May due to a national issue that arose after this date. The Government was refused right to appeal against a landmark ruling by the Court of Appeal with regard to age discrimination against younger public sector workers by protecting the retirement benefits of older staff (referred to as the McCloud case). While the case was brought by members of the judicial and firefighters pension schemes, it will have implications for the Local Government Pension Scheme (LGPS). Officers have agreed with the external auditors the restatements required to account for the estimated additional pension liability that arises from this ruling and the adjustments are contained within the financial statements provided for approval.

Summary of Financial Implications

6. The Audit Fee for the work carried out by Grant Thornton has been reported previously to the three legacy Audit Committees.

Summary of Legal Implications

7. There are no direct legal implications from this report.

Summary of Human Resource Implications

8. There are no direct human resource implications from this report

Summary of Environmental Impact

9. There are no direct environmental implications from this report

Summary of Public Health Implications

10. There are no direct public health implications from this report

Summary of Equality Implications

11. There are no direct equalities implications from this report

Summary of Risk Assessment

12. The areas identified for development by the Councils' external auditor will be fully discussed during the risk management review process and appropriate mitigations will be discussed with the Corporate Management Team.

Background Papers

None

Appendices

Appendix A - BBC Grant Thornton Audit Findings Report for year ending 31/3/19 (TO FOLLOW)

Appendix B - CBC Grant Thornton Audit Findings Report for year ending 31/3/19 (TO FOLLOW)

Appendix C - BoP Grant Thornton Audit Findings Report for year ending 31/3/19 (TO FOLLOW)