



Meeting: **AUDIT & GOVERNANCE COMMITTEE**
Date: **WEDNESDAY, 25 JULY 2018**
Time: **5.00 PM**
Venue: **COMMITTEE ROOM - CIVIC CENTRE, DONCASTER ROAD,
SELBY, YO8 9FT**
To: **Councillor K Arthur (Chair), Councillor I Reynolds (Vice-
Chair), Councillor J Cattanach, Councillor J Chilvers,
Councillor B Marshall, Councillor M McCartney and
Councillor B Sage**

Supplementary Agenda

1. **External Audit Completion Report 2017/18 (A/18/5) (Pages 1 - 4)**

To receive the report of the external auditor, which asks the Committee to consider the work of the external auditor during the financial year ending 31 March 2018.

G Marshall

Gillian Marshall, Solicitor to the Council

Enquiries relating to this agenda, please contact Dawn Drury on 01757 292065
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Agenda Item 12



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25 July 2018

Dear Members of the Audit and Governance Committee

Update to our 2017/18 Audit Completion Report

I am writing to update Members on the matters included on page 4 our Audit Completion Report issued on 13 July 2018 and included on the agenda of the Audit and Governance Committee for 25 July 2018.

The following table describes how the outstanding matters have been addressed.

Audit area	Description of outstanding matters on 13 July 2018	Updated position at the conclusion of the audit
Property, Plant and Equipment	We are waiting for supporting documentation to back up some reserve movements in relation to PPE.	Supporting documentation subsequently provided and no further issues arising.
Loans and Borrowings	We are waiting for external confirmation from UBS to substantiate the overall balance that has been included as a loan in the financial statements. There has been a delay in obtaining this as the bank does not hold up to date information regarding the Council signatories for the account.	The external confirmation has not been provided by UBS and officers have demonstrated continuing work to attempt to resolve this issue. We have obtained sufficient alternative assurance over the balance by reviewing statements and correspondence with UBS which show that the balance outstanding is correctly reflected in the financial statements.

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Audit area	Description of outstanding matters on 13 July 2018	Updated position at the conclusion of the audit
Final checks on financial statements	On receipt of the final financial statements we will need to do procedures to ensure they remain consistent with our audit work and understanding of the Council and also to ensure all audit amendments have been processed.	We have checked the final version of the financial statements presented for approval to the Audit and Governance Committee, and there are no issues arising.
Review of post-balance sheet events	We will perform procedures, including holding discussions with management to cover the period up to the date of signing, that there have been no events that require reporting or disclosing in the financial statements.	We have completed our subsequent events procedures and there are no matters arising from our review.

I can confirm that no further amendments were required to the financial statements after the issue of our Audit Completion Report on 13 July 2018. For completeness, I attach a final summary of misstatements as an Appendix to this letter. This summarises the misstatements identified during the audit, and is unchanged from Section 4 of the Audit Completion Report.

I would be grateful if this letter could be added as an Addendum to our report in the official agenda papers of the Audit and Governance Committee of 25 July 2018 on the Council's website.

Yours sincerely



Mark Kirkham
Partner

Appendix A – Summary of misstatements

We set out below the misstatements identified for adjustment during the course of the audit, above the trivial threshold of £24,000.

The first table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

The second table outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
4	Dr: Capital Accruals			99	99
	Cr: PPE Additions – AUC (Infrastructure)				
	A capital scheme was identified that had been accrued for and was completed in-year but actual spend had only been negligible.				
5	Dr: PPE Additions - Council Dwellings			35	35
	Cr: Capital Accruals				
	Inclusion of capital expenditure not accrued.				

Adjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: - Income - Corporate Services & Commissioning	12,673			
			12,673		
	Cr: CIES - Income - Exceptional Item - Council Dwelling Revaluation				

At the start of the audit, management alerted us to a late adjustment they had made but that was not processed before submission of the financial statements. This relates to how the revaluation movement on Council Dwellings is shown on the face of the CIES, identifying the movement as an exceptional change on a separate line.

2	Dr: Other Operating Expenditure – (Gain) / Loss on disposal of Non-Current Assets	60	60		
	Cr: CIES Income				

Gain on disposals of Land and Building is now included in service income rather than within Other Operating Expenditure.

3	Dr: CIES / Cost of Services / Income / Finance	2,687	2,687		
	Cr: CIES / Cost of Services / Expenditure / Finance				

The draft financial statements included re-charge of support services double counted in Finance in both Income and Expenditure.

Disclosure amendments

During the course of our work we identified a number of spelling and grammatical inaccuracies that we have requested management to amend. We have also identified some small errors in rounding and other amendments below £24,000 or that were exclusively disclosure in nature. This impacted a number of notes including: Note 12. Property, Plant and Equipment; Note 14. Capital Commitments; Note 32. Officers' Remuneration; Note 36. External Audit Costs; Note 37. Grant Income - Credited to Other Services; and HRA Note 3. Provision for Bad Debts.