

**STATEMENT OF ACCOUNTS 2017/18, LETTER OF REPRESENTATION 2017/18
& AUDIT RESULTS REPORT 2017/18**

SUMMARY:

The purpose of this report is to seek Members' approval for the Council's Statement of Accounts for 2017/18 and to draw to the Committee's attention to the findings of the Council's auditors, Ernst & Young, in carrying out their audit work in relation to the 2017/18 financial year.

RECOMMENDATIONS:

It is recommended that the Committee:

- i) Note the Auditor's Audit Results Report;
- ii) Approve the financial statements for 2017/18;
- iii) Approve the letter of representation, and
- iv) That the Chairman sign page 14 of the Statement of Accounts 2017/18 attached at Appendix A to certify the Committee's approval

1 STATEMENT OF ACCOUNTS 2017/18

- 1.1 The Statement of Accounts for 2017/18 has been prepared in line with CIPFA's 'Code of Practice on Local Authority Accounting' for 2017/18, under International Financial Reporting Standards (IFRS) and in accordance with the Accounts and Audit (England) Regulations 2015.
- 1.2 The regulations require a committee of the Council to consider and approve the Statement and ensure that it is signed by the chairman of the approving committee. Following approval, the Statement must be published by the 31st July 2018.
- 1.3 The Statement of Accounts consists of the following sections and is attached at Appendix A.
 - Narrative Statement
 - Statement of Responsibilities
 - Core Financial Statements – Movement in Reserves, Comprehensive Income and Expenditure, Balance Sheet and Cash Flow.
 - Notes to the Core Financial Statements – including accounting policies
 - Collection Fund and accompanying notes

- 1.4 The Council's Annual Governance Statement, which received approval from the Licensing and General Purposes Committee in May 2018, is required to be published alongside the Statement of Accounts by the 3^{1st} July 2018.

2 LETTER OF REPRESENTATION

- 2.1 The Council provides a letter of representation to the auditors as part of the annual audit process. This is an important factor in enabling the auditor to form his/her opinion as to whether the Statement of Accounts provides a true and fair view of the financial position of the Council.
- 2.2 The text is set out at Appendix B for consideration by the Committee.

3 AUDIT RESULTS REPORT 2017/18

- 3.1 The auditors have substantially completed their audit for the 2017/18 financial year and their conclusions are set out in the Audit Results Report attached at Appendix C.
- 3.2 Ernst and Young have reported that they anticipate issuing an unqualified opinion on the financial statements and that the Council has made proper arrangements to secure economy, efficiency and effectiveness in the use of resources.
- 3.3 The Audit Results Report outlines a single unadjusted audit difference of £426,487 relating to the Council's share of the variance between the estimated fair value of the £6,582m Hampshire Pension Fund assets and the actual fair value of the fund assets at 31st March 2018, which was found to be higher at £6,613m. Detail of the unadjusted audit difference is set out in paragraph five of Management Representation Letter within Appendix B. We have not corrected this difference identified by and brought to our attention from the auditor because this is simply a timing differences based on the information available from our actuaries at the time of compiling the statements and are an estimate of the position at year-end. There is no material effect on the accounts given the materiality level is set at £994,000.

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