
EXTERNAL AUDIT - LOCAL GOVERNMENT SECTOR UPDATE

Committee: Resources and Finance Committee

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[S216]

1. ISSUE

- 1.1 Ernst and Young (EY), the Council's external auditors, produce regular briefing notes, detailing their view of the local government sector and raise key questions that the audit committee need to be considering. As previously agreed at the Corporate Governance and Finance Committee, this note provides Members of this Committee (as the Council's Audit Committee) details of the Council's position with regard to these key questions.

2. RECOMMENDATION (S)

- 2.1 Members are requested to note the report.

3. BACKGROUND/OPTIONS

- 3.1 EY's full report is attached as Appendix 1 to this report.
- 3.2 This raises six key questions for the audit committee to consider, page 5 of the report.
- 3.3 Question 1

How is the impact of Brexit being factored into the authorities MTFP projections?

Brexit is expected to have an impact on the British economy, but at this point, while negotiations regarding our future relationship with Europe continue, it is far from clear what the extent of these implications will be. The MTFP includes an assumption that future interest rates will continue to be low, which is linked to the Bank of England's view on the impact of Brexit, but there are no specific local assumptions made.

- 3.4 Question 2

Has your local authority considered the impact of the proposed financial settlement for 2018/19?

The Council's budget and MTFS both take into account the most up-to-date information with regard to the provisional financial settlement published by

Government on the 19th December 2017. These documents are also included for discussion and recommendation to Council on today's agenda.

3.5 Question 3

How has the uncertainty around future charges for planning applications affected your council?

The provisional settlement and more recent formal legislation have clarified the situation with regard to these charges, requiring Councils to increase Planning fees by 20% from the 17th January 2018. No assumption was built into the 2017-18 budget for the increase, but the budget for 2018-19, as included on the agenda, does include an increased income expectation of £150,000 compared to the 2017-18 budget.

3.6 Question 4

How does your council ensure that it has a sustainable financial plan for the increasing demand for adult social care?

Not applicable as adult social care is not a district council function

3.7 Question 5

What assurance do you have that your council's own trading companies have effective governance arrangements in place?

In order to mitigate the risks associated with commercial activity, East Cambs Trading Company has adopted the same policies and procedures as the Council wherever practicable.

Further, to ensure that the Trading Company acts in the best interest of its shareholder, i.e. the Council, the Council has established a Shareholder Committee to oversee the activities of the Trading Company and provide a 'scrutiny' role on behalf of the Council.

3.8 Question 6

What actions has your local authority taken to ensure that it is best placed to achieve the financial accounts early closure timetable of 31 July 2018?

We have engaged with EY to ensure that we are best placed to complete the earlier closedown required of us in 2018. We have attended an earlier close workshop hosted by EY in December 2017 and will be attending a further session in February. We have further appointed the same consultant as last year to undertake this very important task for us and are currently working on providing information to EY so that they can undertake an interim audit in February, where they will undertake much of the initial testing.

EY's own plan is to complete around 60% of the audit work as part of their interim audit in February 2018, as they too have a shorter period to sign-off the accounts at the end of the year. For ease of reference the timetable this year requires the Council to sign off the draft accounts by the end of May 2018, with then Audit sign-off by the end of July. The plan is therefore to bring the Statement of Accounts to this Committee for approval on the 26th July 2018.

4. ARGUMENTS/CONCLUSIONS

The Council has already undertaken steps to address all of the issues highlighted in the paper that impact on district councils.

5 FINANCIAL IMPLICATIONS / EQUALITY IMPACT ASSESSMENT

5.1 There are no financial implications linked to this report at this time.

5.2 Equality Impact Assessment (INRA) not required.

6 APPENDICES

6.1 Appendix 1 – EY Report – Local Government Audit Committee Briefing

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
EY Report – Local government audit committee briefing (as attached as Appendix 1)	Room 104 The Grange Ely	Ian Smith Finance Manager Tel: (01353) 616470 E-mail: ian.smith@eastcambs.gov.uk