



Audit Agenda

Wednesday 25 July 2018 at 7.30 pm

Conference Room 2 - The Forum

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Membership

Councillor Birnie
Councillor Douris
Councillor McLean

Councillor Silwal
Councillor Taylor (Chair)
Councillor Tindall

Substitute Members:

Councillors G Adshead, Anderson, England, Link, Pringle and Ransley

For further information, please contact jim.doyle@dacorum.gov.uk

AGENDA

- (c) Dacorum Borough Council Letter of Representation and Proposed Addendum to the Audit Findings Report (Pages 2 - 6)

Audit committee 25 July 2018-

Letter of Representation: and

The letter of representation replaces appendix F to the statement of accounts item 6b.

Proposed Addendum to the Audit Findings Report

The addendum to AFR is an additional item to be considered under item 6a

Agenda Item 6c

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

30th July 2018

Dear Sirs

Dacorum Borough Council

Financial Statements for the year ended 31 March 2018

This representation letter is provided in connection with the audit of the financial statements of Dacorum Borough Council for the year ended 31 March 2018 for the purpose of expressing an opinion as to whether the Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 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 Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 ("the Code"); in particular the financial statements are fairly presented 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 any 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 International Financial Reporting Standards and the Code.
- x All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require 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 International Financial Reporting Standards.
- xii We have considered the misclassification and disclosures changes schedules included in your Audit Findings Report. The Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xiii The financial statements are free of material misstatements, including omissions.
- xiv We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xv 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.

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 Council 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 information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
 - 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 information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, 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 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 Report

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

Approval

The approval of this letter of representation was minuted by the Audit Committee at its meeting on 25th July 2018.

Signed on behalf of the Committee

.....

Name: Councillor Roger Taylor

Position: Chair of the Audit Committee

Date: 25th July 2018

.....

Name: James Deane

Position: Corporate Director, Finance and Operations

Date: 25th July 2018

Addendum to the Audit Findings Report 2017-18

Unadjusted misstatements

Misstatements found during our audit which were not adjusted as they are immaterial to the results of the entity and its financial position at year end.

Audit Area	Assertion	Detail of Error	Value of Error	Value of Extrapolated Error
Operating Expenditure	Cut Off	One invoice viewed as part of the substantive testing was raised in the financial year 2016/17 and was then subsequently credited by a supplier. The replacement invoice was then missed by the finance personnel. Despite being raised in 2016/17, the council did not record this as being received until April 2017. The invoice amount is above the £1000 accruals limit and was not accrued for at 2016/17 year end.	£9007.23	£1,090,047

Impact of unadjusted misstatements

The table above provides the detail of a sample error identified during the 2017/18. The error found has been extrapolated over the entirety of the operating expenditure population as required by the ISAs to understand whether this has a material impact on the accounts overall. The extrapolated error is below the auditors materiality threshold, and this is an estimated error based on the sample. Therefore we have not asked management to adjust the financial statements for this.