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**Report to: Audit Committee**

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**Date of Meeting: 26 September 2019**

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**Subject: Annual report to those charged with Governance and the  
Controller of Audit for Financial Year Ended 2018/19**

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**Report by: Chief Finance Officer**

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## **1.0 Purpose**

- 1.1. This report and appendices set out the findings arising from the work carried out by the External Auditors on the Audit of the 2018/19 Financial Statements.
- 1.2. The appendices have been placed in Members' room to facilitate approval.

## **2.0 Recommendations**

It is recommended that the Committee:

- 2.1. note the content of the Independent Auditor's Report;
- 2.2. approve the content of the Letter of Representation (ISA 580);
- 2.3. note the significant audit findings within Exhibit 3 of the Internal Audit Report, and
- 2.4. note the recommendations for improvement and the follow up on prior year recommendations within Appendix 1 of the Annual Audit Report.

## **3.0 Considerations**

- 3.1 International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
- 3.2 Appendix 1 of this report contains a covering letter from the Auditor and the Independent Auditors Report. This sets out the basis of the audit work and the Audit opinion.
- 3.3 Also contained within Appendix 1 is the draft Letter of Representation (ISA 580) to the Auditor which the Council is required to prepare confirming the representations that have been made in connection with the audit of the Councils annual accounts for the year ended 31 March 2019. On approval, this letter will be signed by the Council's Chief Finance Officer.

3.4 The 2018/19 Annual Audit Report is included at Appendix 2 and sets out the significant findings from the 2018/19 audit of the Councils Annual Accounts (Exhibit 3). The report covers the scope of the audit as set out in the Annual Audit Plan presented to the Audit Committee in February 2019, considering the four audit dimensions that frame the wider scope of public audit set out in the Code of Audit Practice 2016 covering:

- Financial Sustainability;
- Financial Management;
- Governance & Transparency; and
- Value for Money.

3.5 The report also sets out recommendations and provides an action plan which has been agreed with Senior Officers, set out at Appendix 1. Contained within the action plan is an update on progress on recommendations brought forward from 2017/18.

#### 4.0 Conclusion

4.1 The Committee is asked to approve the Letter of Representation and note the content of the Independent Auditor's Report and the 2018/19 Annual Audit Report.

#### 5.0 Sustainability Implications

5.1 Not applicable

#### 6.0 Resource Implications

##### 6.1 Financial Details

6.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

6.3 Finance have been consulted and has agreed the financial implications as set out in the report. Yes

#### 7.0 Exempt Reports

7.1 Is this report exempt? Yes  (please detail the reasons for exemption below) No

#### 8.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box )

- The area has a positive image and attracts people and businesses
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment

- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence

**(2) Council Policies** (Please detail)

**9.0 Equalities Impact**

9.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?  
 Yes  No

**10.0 Legality**

10.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

**11.0 Appendices**

11.1 Appendix 1 - Independent Auditor’s Report and ISA 580 and Letter of Representation

11.2 Appendix 2 - Clackmannanshire Council 2018/19 Annual Audit Report

(Appendices have been placed in members’ rooms in advance of the meeting)

**12.0 Background Papers**

12.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)  
 Yes  (please list the documents below) No

**Council Draft and Audited Financial Statements 2018/19**

**Author(s)**

NAME	DESIGNATION	TEL NO / EXTENSION
Lindsay Sim	Chief Financial Officer	2022

**Approved by**

NAME	DESIGNATION	SIGNATURE
Lindsay Sim	Chief Finance Officer	

Stuart Crickmar	Director of Partnership & Performance	
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