Dear Members

Audit and Accounts Committee

A meeting of the Audit and Accounts Committee will be held in the Craddock Room, Civic Centre, Riverside, Stafford on Monday 30 July 2018 at 6.30pm to deal with the business as set out on the agenda.

Please note that this meeting will be recorded.

Members are reminded that contact officers are shown in each report and members are welcome to raise questions etc in advance of the meeting with the appropriate officer.

Officers from Grant Thornton will be available from 6.00pm.

A. R. Well
Head of Law and Administration
AUDIT AND ACCOUNTS COMMITTEE -
30 JULY 2018

Chairman Councillor A M Loughran

AGENDA

1 Minutes of 12 June 2018 as published in Digest No 244 on Friday 6 July 2018

2 Apologies

3 Officers’ Reports

ITEM NO 3(a) Audit Findings - Year Ending 31 March 2018

GRANT THORNTON

ITEM NO 3(b) Financial Statements Audit 2017/18 - Management Representation Letter

HEAD OF FINANCE

ITEM NO 3(c) Statement of Accounts 2017/18

HEAD OF FINANCE

ITEM NO 3(d) Annual Treasury Management Report 2017/18

HEAD OF FINANCE

ITEM NO 3(e) Work Programme - Audit and Accounts Committee

HEAD OF LAW AND ADMINISTRATION

Membership
Chairman Councillor A M Loughran

I E Davies D B Price
R A James A M Loughran
A J Perkins R M Sutherland

Cabinet Member - Councillor K S Williamson
The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another’s acts or omissions.
Headlines

This table summarises the key issues arising from the statutory audit of Stafford Borough Council (‘the Council’) and the preparation of the Council's financial statements for the year ended 31 March 2018 for those charged with governance.

Financial Statements

Under the International Standards of Auditing (UK) (ISAs), we are required to report whether, in our opinion:
- the Council's financial statements give a true and fair view of the Council’s financial position and of the group and Council’s expenditure and income for the year, and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

Our audit work was completed on site during June and July. Our findings are summarised on pages 5 to 23. We have not identified any amendments to the financial statements that have resulted in an adjustment to the Statement of Comprehensive Income and Expenditure. We have raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year’s audit are detailed in Appendix B.

Subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit and Accounts Committee meeting on 30 July 2018, as detailed in Appendix F. The outstanding items include:
- receipt of management representation letter; and
- review of the final set of financial statements.

We have concluded that the other information published with the financial statements, which includes the Statement of Accounts, Annual Governance Statement and Narrative Report, are consistent our knowledge of your organisation and with the financial statements we have audited.

Value for Money arrangements

Under the National Audit Office (NAO) Code of Audit Practice (‘the Code’), we are required to report whether, in our opinion:
- the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources (‘the value for money (VFM) conclusion’)

We have completed our risk based review of the Council’s value for money arrangements. We have concluded that Stafford Borough Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We therefore anticipate issuing an unqualified value for money conclusion, as detailed in Appendix F. Our findings are summarised on page 14.

Statutory duties

The Local Audit and Accountability Act 2014 (‘the Act’) also requires us to:
- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- certify the closure of the audit

We have not exercised any of our additional statutory powers or duties. We do not expect to be able to certify the conclusion of the audit yet as we have received an objection to the 2017/18 financial statements that we are in the process of considering.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit. The working papers issued to the audit team were of excellent quality and the finance team were very supportive throughout the audit. This contributed to the audit team being able to complete the audit in line with the 31st July 2018 national deadline.
Summary

Overview of the scope of our audit
This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice (‘the Code’). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach
Our audit approach was based on a thorough understanding of the Council’s business and is risk based, and in particular included:

- An evaluation of the Council’s internal controls environment including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion
We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit and Accounts Committee meeting on 30 Jul 2018, as detailed in Appendix F. These outstanding items include:
- receipt of management representation letter; and
- review of the final set of financial statements.

Our approach to materiality
The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality calculations remained the same as reported in our audit plan. We detail in the table below our assessment of materiality for Stafford Borough Council.

<table>
<thead>
<tr>
<th>Materiality for the financial statements</th>
<th>Council Amount (£)</th>
<th>Qualitative factors considered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business environment</td>
<td>1,165,000</td>
<td>- business environment – the Council operates in a stable, publicly funded environment</td>
</tr>
<tr>
<td>Control environment</td>
<td></td>
<td>- no significant deficiencies identified.</td>
</tr>
<tr>
<td>Performance materiality</td>
<td>874,000</td>
<td>- no history of significant deficiencies or high number of deficiencies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- no history of a large number of misstatements.</td>
</tr>
<tr>
<td>Trivial matters</td>
<td>58,250</td>
<td>- matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</td>
</tr>
</tbody>
</table>
### Significant audit risks

<table>
<thead>
<tr>
<th>Risks identified in our Audit Plan</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Improper revenue recognition</strong></td>
<td><strong>Auditor commentary</strong> Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</td>
</tr>
<tr>
<td>Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</td>
<td>• there is little incentive to manipulate revenue recognition</td>
</tr>
<tr>
<td></td>
<td>• opportunities to manipulate revenue recognition are very limited</td>
</tr>
<tr>
<td></td>
<td>• The culture and ethical frameworks of local authorities, including Stafford Borough Council, mean that all forms of fraud are seen as unacceptable</td>
</tr>
<tr>
<td></td>
<td>Therefore we do not consider this to be a significant risk for Stafford Borough Council.</td>
</tr>
<tr>
<td><strong>2 Management override of controls</strong></td>
<td><strong>Auditor commentary</strong> We have completed the following audit work in relation to this risk:</td>
</tr>
<tr>
<td>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance. We identified management override of controls as a risk requiring special audit consideration.</td>
<td>• reviewed accounting estimates, judgements and decisions made by management</td>
</tr>
<tr>
<td></td>
<td>• Undertaken testing of journal entries</td>
</tr>
<tr>
<td></td>
<td>• reviewed unusual/ significant transactions</td>
</tr>
<tr>
<td></td>
<td>• reviewed significant related party transactions</td>
</tr>
<tr>
<td><strong>Auditor Findings</strong></td>
<td><strong>Auditor Findings</strong> We sampled tested journals and found one that was not appropriately authorised. This was a high value journal (£1.5 million) and we gained assurance that the accounting treatment and purpose of the entry in question was appropriate. However, the controls in place had not been implemented effectively.</td>
</tr>
<tr>
<td>Our audit work has not identified any evidence of management over-ride of controls. In particular the testing of journal controls and testing of journal entries has not identified any significant issues.</td>
<td></td>
</tr>
</tbody>
</table>
## Significant audit risks

### Risks identified in our Audit Plan

<table>
<thead>
<tr>
<th>Risk</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuation of property, plant and equipment</td>
<td>The Council revalues its land and buildings on a five year basis to ensure that carrying value is not materially different from current value. This represents a significant estimate by management in the financial statements. We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.</td>
</tr>
</tbody>
</table>

### Auditor commentary

We have completed the following audit work in relation to this risk:

- reviewed management’s processes and assumptions for the calculation of the estimate.
- reviewed the competence, expertise and objectivity of any management experts used.
- reviewed the instructions issued to valuation experts and the scope of their work.
- discussed with the Council’s valuer about the basis on which the valuation was carried out, challenging the key assumptions.
- reviewed and challenged the information used by the valuer to ensure it was robust and consistent with our understanding.
- undertook testing of revaluations made during the year to ensure they were input correctly into the Council’s asset register.
- evaluated the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value.

### Auditor findings

Our audit work has not identified any issues regarding the valuation of property, plant and equipment included within the financial statements.

As part of our audit work we also considered how management obtained assurance that assets not revalued in 2017/18 were materially correct. A robust review process was completed during the year following the issues raised as part of our 2016/17 audit in relation to assets not subject to revaluation. This included changing the revaluation date (from 1st April to 31st March), a more extensive review of the asset base not revalued in year, and discussions with the external valuer to establish any contributing factors impacting on asset values (for example obsolescence).

The potential estimation uncertainty for assets not revalued was identified by management as up to £757,000. We reviewed the basis for this estimation and concluded that it was reasonable. Management’s view is that this understatement is not material to the Council’s accounts. As the potential estimation uncertainty is below our materiality threshold we have accepted this judgement.
## Significant audit risks - continued

<table>
<thead>
<tr>
<th>Risks identified in our Audit Plan</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4 Valuation of pension fund net liability</strong>&lt;br&gt;The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</td>
<td><strong>Auditor commentary</strong>&lt;br&gt;We have completed the following audit work in relation to this risk:&lt;br&gt;• identified the controls put in place by management to ensure that the pension fund net liability is not materially misstated and assessed whether those controls were implemented as expected and whether they were sufficient to mitigate the risk of material misstatement.&lt;br&gt;• reviewed the competence, expertise and objectivity of the actuary who carried out the Council's pension fund valuation.&lt;br&gt;• gained an understanding of the basis on which the IAS 19 valuation was carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made.&lt;br&gt;• reviewed the consistency of the pension fund net liability disclosures in notes to the financial statements with the actuarial report from your actuary.</td>
</tr>
<tr>
<td>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</td>
<td><strong>Auditor findings</strong>&lt;br&gt;Our audit work has not identified any issues regarding the valuation of the pension fund net liability included within the financial statements.</td>
</tr>
</tbody>
</table>
### Reasonably possible audit risks

<table>
<thead>
<tr>
<th>Risks identified in our Audit Plan</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee remuneration</strong>&lt;br&gt; Payroll expenditure represents a significant percentage (23%) of the Council’s operating expenses.</td>
<td><strong>Auditor commentary</strong>&lt;br&gt;We have undertaken the following work in relation to this risk:&lt;br&gt;• documented our understanding of processes and key controls over the transaction cycle&lt;br&gt;• undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding&lt;br&gt;• obtained the year-end payroll reconciliation and ensured amounts included within the financial statements can be reconciled to the ledger and through to payroll reports investigating any significant adjusting items;&lt;br&gt;• agreed payroll related accruals (e.g. unpaid leave accrual) to supporting documents and review any estimates for reasonableness&lt;br&gt;<strong>Auditor findings</strong>&lt;br&gt;Our audit work has not identified any issues regarding employee remuneration included within the financial statements.</td>
</tr>
<tr>
<td><strong>Operating expenses</strong>&lt;br&gt; Non-pay expenses on other goods and services also represents a significant percentage (71%) of the Council’s operating expenses. Management uses judgement to estimate accruals of un-invoiced costs.</td>
<td><strong>Auditor commentary</strong>&lt;br&gt;We have undertaken the following work in relation to this risk:&lt;br&gt;• evaluated the Council’s accounting policy for recognition of non-pay expenditure for appropriateness;&lt;br&gt;• gained an understanding of the Council’s system for accounting for non-pay expenditure and evaluate the design of the associated controls;&lt;br&gt;• Obtained a listing from the cash book of non-pay payments made in April, and taken a sample of items using the non-statistical sample size calculator and ensure they have been charged to the appropriate year&lt;br&gt;<strong>Auditor findings</strong>&lt;br&gt;Our audit work has not identified any issues regarding operating expenses included within the financial statements.</td>
</tr>
</tbody>
</table>
### Other matters

This section provides commentary on new issues which were identified during the course of the audit that were not previously communicated in the Audit Plan.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Commentary</th>
<th>Auditor view</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Publication of the draft Annual Governance statement</strong></td>
<td>The national deadline for publication of the Local Authority’s draft accounts (subject to audit) was 31st May 2018, which also included the publication of the Annual Governance Statement. However the draft annual governance statement was not until published in early June 2018 which is not in line with the Accounts and Audit Regulations 2015.</td>
<td>The Council need to ensure that the publication of the draft financial statements (subject to audit) and the Annual Governance Statement is published on their website by 31st May to ensure full compliance with the Audit and Accounts Regulations 2015.</td>
</tr>
<tr>
<td><strong>A number of assets with a net book value of zero are included within the fixed asset register</strong></td>
<td>As part of our review and reconciliation of the fixed asset register to the financial statements, we identified a number of assets that had a net book value (NBV) of zero as at 31 March 2018. The inclusion of assets at nil NBV in the fixed asset register either: a) Indicates an inappropriate UEL if the assets are still in use; and b) Increases the risk of the Council being unaware of misappropriation of assets Assets that are nil NBV should be disposed of and written out of the fixed asset register if they are no longer in service providing condition.</td>
<td>Discussions were held with management during the course of the audit and a full review was undertaken to establish how many nil NBV assets were still being utilised by the Council and how many assets needed to be written out of the fixed asset register. The audit team were satisfied with this review and the disclosures within the financial statements were updated accordingly to reflect this. Going forward the Council need to ensure that the fixed asset register is reviewed on a regular basis and the necessary accounting entries are processed.</td>
</tr>
<tr>
<td><strong>Surplus asset revaluations</strong></td>
<td>There are a number of surplus assets held on the fixed asset register that have not formally been subject to revaluation since 2015/16. It is a code requirement under IFRS 13 that surplus assets are valued at fair value at the end of each accounting period i.e. 31 March, and fair value disclosures are made where material to the users understanding of the financial statements.</td>
<td>The lack of formal revaluation on surplus assets as at 31 March 2018 means that the carrying value of these assets in particular are not code compliant. However, as a compensating control management include these balances within their review of assets not revalued in year. The overall value of these assets is £344,000 and we concluded that there is a low risk of material misstatement.</td>
</tr>
</tbody>
</table>
## Significant matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

<table>
<thead>
<tr>
<th>Significant matter</th>
<th>Commentary</th>
<th>Auditor view</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1  Veolia Leases – Accounting treatment</strong></td>
<td>Discussions have been held between the audit team and management with regards to their arrangements with Veolia and whether this meets the definition of a lease. The Council have determined that on the information provided by Veolia there is not sufficient evidence to demonstrate vehicles used in the provision of waste and recycling service are exclusive to the Council and as such have decided to continue not to account for these on balance sheet in 2017/18.</td>
<td>We have discussed this issue with management and concluded that their judgement is reasonable. A new leasing standard (IFRS16) is due to be implemented in 2019/20 and management will need re-assess the accounting treatment for this arrangement.</td>
</tr>
<tr>
<td><strong>2  Freedom Leisure pension pass through arrangement</strong></td>
<td>Management have determined that the pension liability of the members of staff who transferred to Freedom Leisure should be reflected in the Council’s accounts. The pension disclosures in note 43 of the financial statements includes assets and liabilities for these individuals. This is consistent with the Pension risk sharing agreement with Freedom Leisure, under which the pension liability, excluding ill health /early retirement strain costs and pay rises in excess of the actuary’s assumption, of the members of staff who transferred to Freedom Leisure is retained by the Council.</td>
<td>We have discussed this issue with management to confirm our understanding of the basis for this accounting treatment. The critical judgement (note 3) has been amended to make clear management’s view that the Council continues to be liable for these pension costs.</td>
</tr>
</tbody>
</table>
# Accounting policies

<table>
<thead>
<tr>
<th>Accounting area</th>
<th>Summary of policy</th>
<th>Comments</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue recognition</strong></td>
<td>• Revenue and capital transactions are accounted for on an accrual basis where above the de-minimus thresholds&lt;br&gt;• Government grants and other contributions are recognised where reasonable assurance has been gained that the Council will comply with relevant terms and conditions and it is likely the amounts will be received&lt;br&gt;• Income receivable from the sale of goods and rendering of services is recognised in line with the relevant conditions&lt;br&gt;• Collection fund income is recognised on an accrual basis</td>
<td>• The accounting policies are appropriate under relevant accounting framework i.e. CIPFA Code of Practice&lt;br&gt;• The accounting policy for revenue recognition has been adequately disclosed in the notes to the accounts&lt;br&gt;• The accounting policies adopted are consistent when benchmarked against other similar Local Government bodies</td>
<td>Green</td>
</tr>
<tr>
<td><strong>Judgements and estimates</strong></td>
<td>• Key estimates and judgements include:&lt;br&gt;  - Useful life of PPE&lt;br&gt;  - Revaluations&lt;br&gt;  - Impairments&lt;br&gt;  - Accruals&lt;br&gt;  - Valuation of pension fund net liability&lt;br&gt;  - Provision for NNDR appeals&lt;br&gt;  - Other provisions</td>
<td>We discussed the significance of these items, both in terms of value and the extent of judgement and disclosure. We are satisfied with what has been disclosed in relation to critical judgements and significant estimates.</td>
<td>Green</td>
</tr>
<tr>
<td><strong>Other critical policies</strong></td>
<td></td>
<td>We have reviewed the Council's policies against the requirements of the CIPFA Code of Practice. The Council's accounting policies are appropriate and consistent with previous years.</td>
<td>Green</td>
</tr>
</tbody>
</table>

**Assessment**
- Marginal accounting policy which could potentially be open to challenge by regulators
- Accounting policy appropriate but scope for improved disclosure
- Accounting policy appropriate and disclosures sufficient
Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Matters in relation to fraud</td>
<td>We have previously discussed the risk of fraud with the Audit and Accounts Committee. We have not been made aware of any instances of fraud in the period and no issues have been identified during the course of our audit procedures.</td>
</tr>
<tr>
<td>2 Matters in relation to related parties</td>
<td>We are not aware of any related parties or related party transactions which have not been disclosed.</td>
</tr>
<tr>
<td>3 Matters in relation to laws and regulations</td>
<td>You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.</td>
</tr>
<tr>
<td>4 Written representations</td>
<td>A letter of representation has been requested from the Council, which is included in the Audit and Accounts Committee papers.</td>
</tr>
<tr>
<td>5 Confirmation requests from third parties</td>
<td>We requested from management permission to send confirmation request(s) to various banking providers, other financial institutions and Local Authorities with whom the Council hold cash and investment balances. This permission was granted and the requests were sent.</td>
</tr>
<tr>
<td>6 Disclosures</td>
<td>Our review found no material omissions in the financial statements.</td>
</tr>
<tr>
<td>7 Audit evidence and explanations</td>
<td>All information and explanations requested from management was provided.</td>
</tr>
<tr>
<td>8 Significant difficulties</td>
<td>No difficulties have been identified as part of our audit procedures.</td>
</tr>
</tbody>
</table>
Other responsibilities under the Code

We set out below details of other matters which we, as auditors, are required by the Code to communicate to those charged with governance.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Other information</td>
</tr>
<tr>
<td></td>
<td>- We are required to give an opinion on whether the other information published together with the audited financial statements (including the Statement of Accounts, Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies have been identified. We plan to issue an unqualified opinion in this respect – refer to appendix F</td>
</tr>
<tr>
<td>2</td>
<td>Matters on which we report by exception</td>
</tr>
<tr>
<td></td>
<td>- We are required to report on a number of matters by exception in a numbers of areas:</td>
</tr>
<tr>
<td></td>
<td>- If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit</td>
</tr>
<tr>
<td></td>
<td>- If we have applied any of our statutory powers or duties</td>
</tr>
<tr>
<td></td>
<td>- We have nothing to report on these matters.</td>
</tr>
<tr>
<td>3</td>
<td>Specified procedures for Whole of Government Accounts</td>
</tr>
<tr>
<td></td>
<td>- We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</td>
</tr>
<tr>
<td></td>
<td>- Work is not required as the Council does not exceed the threshold.</td>
</tr>
<tr>
<td>4</td>
<td>Certification of the closure of the audit</td>
</tr>
<tr>
<td></td>
<td>- We have received an objection to the accounts and will not issue a certificate of closure until this matter has been dealt with.</td>
</tr>
</tbody>
</table>
Value for Money

Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work for 2017/18 in November 2017. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Authority has proper arrangements in place. The guidance identifies one single criterion for auditors to evaluate:

“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”

This is supported by three sub-criteria, as set out below:

- Informed decision making
- Value for Money arrangements criteria
- Sustainable resource deployment
- Working with partners & other third parties

Risk assessment

We carried out an initial risk assessment in February 2018 and identified no significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated the findings of our risk assessment to you in our Audit Plan dated March 2018.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any significant risks where we need to perform further work.

Overall conclusion

Based on the work we performed to address the significant risks, we concluded that:

- the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources.

The text of our report, which confirms this can be found at Appendix F.

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.
Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council’s Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office’s Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix E.

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams. No non-audit services were identified.
Appendix A

Action plan

We have identified five recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2018/19 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Issue and risk</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
<td>Journal authorisation</td>
<td>Management need to ensure that all journals over their designated £50k limit as set out in their internal process document are reviewed by the appropriate member of staff and authorised accordingly prior to posting within the general ledger.</td>
</tr>
<tr>
<td><strong>2</strong></td>
<td>Internal control, IT issues</td>
<td>Management need to ensure that all internal control points raised within Appendix C are monitored and where applicable agreed actions are implemented to mitigate against any control risks.</td>
</tr>
<tr>
<td><strong>3</strong></td>
<td>Publication of the draft Annual Governance Statement</td>
<td>Management need to ensure that the draft annual governance statement is published on their website alongside the draft financial statements by 31st May 2019</td>
</tr>
<tr>
<td><strong>4</strong></td>
<td>Assets with a net book value of zero</td>
<td>Management need to ensure that as part of the fixed asset procedures they consider/review any assets with a net book value of zero for applicability and use.</td>
</tr>
<tr>
<td><strong>5</strong></td>
<td>Surplus asset revaluations</td>
<td>Although not material, management need to ensure that surplus assets are reviewed on an annual basis to ensure valuation is appropriate and no events or conditions have changed which may result in a movement in the fair value of these assets.</td>
</tr>
</tbody>
</table>

Controls
- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice
### Appendix B

## Follow up of prior year recommendations

We identified the following issues in the audit of Stafford Borough Council’s 2016/17 financial statements, which resulted in two recommendations being reported in our 2016/17 Audit Findings report. We have followed up on the implementation of our recommendations and note one is still to be completed.

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Issue and risk previously communicated</th>
<th>Update on actions taken to address the issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>PPE valuations, completeness</td>
<td>The Council have undertaken a robust review process during the year to try and address the issues raised in 2016/17 in relation to assets not subject to revaluation. Refer to ‘Significant Risks’ section within our report for more details.</td>
</tr>
<tr>
<td>X</td>
<td>Internal control, IT issues</td>
<td>A review of control issues identified in our 2016/17 audit have been discussed with management and updated to reflect the current position. Refer to appendix C for more details. As not all recommendations have been actioned.</td>
</tr>
</tbody>
</table>

**Assessment**
- ✓  Action completed
- X  Not yet addressed

© 2018 Grant Thornton UK LLP | Audit Findings Report for Stafford Borough Council | 2017/18
## Follow up of prior year internal control points

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Issue and risk previously communicated</th>
<th>Update on actions taken to address the issue</th>
</tr>
</thead>
</table>
| 1          | Use of generic system administrator account in Open Revenues  
This condition poses the following risk to the organisation:  
Generic accounts violate the principle of accountability, where all actions performed in a system can be linked to a named individual | Prior year management response  
We understand the concern raised, however due to the number of users who could run controls within Open Revenues and the need for these controls to be accessed easily by a number of users – the report user is an acceptable way of achieving this. The report user is not used for reports or system jobs which in anyway update Open Revenues and access to it is limited to two users within the Systems and Control team.  
Auditor findings  
Due to the size of the authority and the requirement of this function within the team, no changes have been made to address this control point for 2017/18. Therefore it remains a control issue and has been reported to management accordingly. |
| 2          | Security administration rights granted to those performing financial reporting processes or controls  
This condition poses the following risks to the organisation:  
Bypass of system-enforced internal control mechanisms through inappropriate use of administrative functionality by making unauthorised changes to system configuration parameters, creation of unauthorised accounts, making unauthorised updates to their own account’s privileges, or deletion of audit logs or disabling logging mechanisms. | Prior year management response  
Responsibility for user administration with the exception of unlocking and changing passwords will be mainly restricted to the systems team. It is our intention to create audit reports of changes to user roles and responsibilities in order to provide additional reassurance.  
Auditor findings  
Updates have been made within the system where reports can be ran to identify changes made within the admin function and who was accountable. However this data is not yet being reviewed by an appropriate member of staff therefore a process has been put in place, however the control remains outstanding. |
| 3          | Absence of an up to date IT security policy  
This condition poses the following risk to the organisation:  
Without a comprehensive IT Security Policy in place which has been approved by senior management there is a risk that a culture of information security awareness will not be effectively embedded within the Council. | Prior year management response  
Addendum issued to IT security policy  
Auditor findings  
The Local Authority have issued an addendum to their IT security policy in relation to information security awareness. No issues identified and we are satisfied that this no longer represents a deficiency. |
| 4          | Weak logical access control within Consilium Total  
The password parameters for Consilium Total require users to create a password with at least six characters. This is below the recommended minimum length of eight characters.  
This condition poses the following risks to the organisation:  
Compromise of user accounts through password guessing or cracking; and/or Misuse of Consilium Total system accounts leading to loss of accountability of actions performed | Prior year management response  
The password length has now been increased to eight characters with a mixture of upper and lower case with effect from March 2017.  
Auditor findings  
The Local Authority have now updated the minimum length requirement within Consilium Total to allow for a minimum length of at least eight characters. No issues identified and we are satisfied that this no longer represents a deficiency. |
## Audit Adjustments

There were no adjusted or unadjusted misstatements, including prior year unadjusted misstatements.

### Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

<table>
<thead>
<tr>
<th>Disclosure omission</th>
<th>Detail</th>
<th>Adjusted?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting policies</td>
<td>Adjustments were made to the ‘General principles’ section within the Council’s accounting policies to confirm that the financial statements are prepared on a Going Concern basis.</td>
<td>✓</td>
</tr>
<tr>
<td>Note 3 – Critical Judgements</td>
<td>Note disclosures were updated to acknowledge and document their accounting treatment in relation to Freedom Leisure pension associated costs in year as this represents a significant movement in year for the local authority</td>
<td>✓</td>
</tr>
<tr>
<td>Note 43 – Pension prepayment</td>
<td>Adjustments were made to Note 43 within the financial statements to help provide greater clarity over the 2017/18 pension prepayment that the local authority have paid in year.</td>
<td>✓</td>
</tr>
<tr>
<td>Senior Officer Remuneration</td>
<td>Additional disclosures were added to the note, to provide substance over the shared roles covered by the shared service arrangement between Stafford Borough Council and Cannock Chase District Council, clearly documenting where overall employment lies for each role and with which entity.</td>
<td>✓</td>
</tr>
<tr>
<td>Related Parties</td>
<td>Additional information was included within the note to document the shared service arrangements between Stafford Borough Council and Cannock Chase District Council.</td>
<td>✓</td>
</tr>
<tr>
<td>Financial Instruments</td>
<td>Note disclosures were updated to ensure that both financial assets and financial liabilities were appropriately recognised in line with code requirements.</td>
<td>✓</td>
</tr>
<tr>
<td>Exit Packages</td>
<td>Note disclosures were updated to ensure that total costs and number of packages between the Council and Hosted were correctly stated.</td>
<td>✓</td>
</tr>
<tr>
<td>Various</td>
<td>A number of minor changes were made to the draft financial statements to help provide clarity and ensure full compliance with the CIPFA Code of Practice.</td>
<td>✓</td>
</tr>
</tbody>
</table>
# Fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

## Audit Fees

<table>
<thead>
<tr>
<th></th>
<th>Proposed fee</th>
<th>Final fee</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Council Audit</strong></td>
<td>£52,189</td>
<td>£52,189</td>
</tr>
<tr>
<td><strong>Grant Certification</strong></td>
<td>£8,892</td>
<td>TBC</td>
</tr>
<tr>
<td><strong>Total audit fees (excluding VAT)</strong></td>
<td><strong>£61,081</strong></td>
<td><strong>TBC</strong></td>
</tr>
</tbody>
</table>

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA). Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited. Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.
Audit opinion

We anticipate we will provide the Council with an unmodified audit report

Independent auditor’s report to the members of Stafford Borough Council

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Stafford Borough Council (the ‘Authority’) for the year ended 31 March 2018 which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18.

In our opinion the financial statements:
- give a true and fair view of the financial position of the Authority as at 31 March 2018 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to
This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the Head of Finance’s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Head of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The Head of Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts set out on pages [**to**], the Narrative Report and the Annual Governance Statement, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the course of our work including that gained through work in relation to the Authority’s arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resources or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.
Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the ‘Delivering Good Governance in Local Government: Framework (2016)’ published by CIFFPA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice we are required to report to you if:

- we have reported a matter in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit;
- we have made a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit;
- we have exercised any other special powers of the auditor under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Head of Finance and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities [set out on page(s) x to x], the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Finance. The Head of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIFFPA/LSAAC code of practice on local authority accounting in the United Kingdom 2017/18, which give a true and fair view, and for such internal control as the Head of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Head of Finance is responsible for assessing the Authority’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the Authority.

The Audit and Governance Committee is Those Charged with Governance.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Report on other legal and regulatory requirements - Conclusion on the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor’s responsibilities for the review of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
Report on other legal and regulatory requirements

We cannot formally conclude the audit and issue an audit certificate for the Authority for the year ended 31 March 2018 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed our consideration of an objection brought to our attention by a local authority elector under Section 27 of the Local Audit and Accountability Act 2014. We are satisfied that this matter does not have a material effect on the financial statements or on our conclusion on the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Richard Percival

Richard Percival
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

The Colmore Building
20 Colmore Circus
Birmingham B4 6AT

Date: 30 July 2018
1 Purpose of Report

1.1 To present the Management Representation Letter for 2017/18.

2 Recommendation

2.1 That the letter of representation be endorsed.

3 Key Issues and Reasons for Recommendation

3.1 To present to the Committee the Management Representation Letter relating to the 2017/18 Financial Statements Audit.

4 Relationship to Corporate Priorities

4.1 The financial statements are an important part of the Council’s corporate governance arrangements which cut across all corporate priorities.

5 Report Detail

5.1 The audit of the Council’s Statement of Accounts for 2017/18 is substantially complete.

5.2 As part of the formal conclusion process, the responsible Financial Officer is required to submit the attached Management Representation Letter (APPENDIX) to the Appointed External Auditor having consulted with the Leadership Team and obtained acknowledgement by the Audit and Accounts Committee.
### 6 Implications

**6.1 Financial**
- Legal
- Human Resources
- Human Rights Act
- Data Protection
- Risk Management

**6.2 Community Impact Assessment Recommendations**
The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:-

Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

**Previous Consideration - Nil**

**Background Papers - File available in Financial Services**
Dear Sirs,

Stafford 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 Stafford 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 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 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.

vii 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.

viii 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.

ix All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code requires adjustment or disclosure have been adjusted or disclosed.

x We have considered the adjusted misstatements, and 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.

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 no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
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

We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the 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.

We have communicated to you all deficiencies in internal control of which management is aware.

All transactions have been recorded in the accounting records and are reflected in the financial statements.

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.

We have disclosed to you all our knowledge of fraud or suspected fraud affecting the Council involving:

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.

We have disclosed to you all our knowledge of any allegations of fraud, or suspected fraud, affecting the Council’s financial statements communicated by employees, former employees, regulators or others.

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.

We have disclosed to you the identity of all the Council’s related parties and all the related party relationships and transactions of which we are aware.

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
xxiii 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 Statement
xxvi The disclosures within the Narrative Statement fairly reflect our understanding of the Council’s financial and operating performance over the period covered by the financial statements.

Approval
The approval of this letter of representation was minuted by the Council's Audit and Accounts Committee at its meeting on 30 July 2018.

Yours faithfully

Name……………………………

Position…………………………

Date……………………………

Name……………………………

Position…………………………

Date……………………………

Signed on behalf of the Council
AUDIT AND ACCOUNTS COMMITTEE
30 JULY 2018
Statement of Accounts 2017/18

1 Purpose of Report

1.1 To present the audited Statement of Accounts for 2017/18 to the Audit and Accounts Committee for approval.

2 Recommendation

2.1 That the audited Statement of Accounts for 2017/18 be approved.

3 Key Issues and Reasons for Recommendations

3.1 The Accounts and Audit Regulations 2015 require that the Council’s Statement of Accounts be approved by the Audit and Accounts Committee.

4 Relationship to Corporate Priorities

4.1 The financial statements are an important part of the Council’s corporate governance arrangements, which cut across all corporate priorities.

5 Report Detail

5.1 Members of Audit and Accounts Committee are required to approve the Council’s audited Statement of Accounts for 2017/18 by 31 July 2018, in accordance with the Accounts and Audit Regulations 2015.

5.2 The “Audit Findings Report for Stafford Borough” which summarises the results of our external auditors’ work for the year is presented elsewhere on the agenda.
5.3 The purpose of the Council’s published Statement of Accounts circulated as a SEPARATE BOOKLET is to give electors, those subject to locally levied taxes and charges, members of the Council, employees and other interested parties clear information about the Council’s finances. It should answer such questions as:-
- What did the Council’s services cost?
- Where did the money come from?
- What were the Council’s assets and liabilities at the year-end?

5.4 The Narrative report on pages 3 – 18 of the SEPARATE BOOKLET is presented as a foreword to the Statement of Accounts to fulfil a similar purpose to a directors’ report in company accounts. This has been revised this year to include greater detail of the Council itself, both financial and non financial performance, future issues facing the Council and an explanation of the financial statements.

5.5 The following comprise the key financial statements that are set out in the Statement of Accounts 2017/18:-
- Comprehensive Income and Expenditure Statement
- Movement in Reserves Statement
- Balance Sheet
- Cash Flow Statement
- Collection Fund

5.6 Comprehensive Income and Expenditure Statement (page 21)

5.6.1 This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the true cost of services to be funded from taxation. The Council raises Council Tax to cover expenditure in accordance with regulations, however this may be different from the accounting cost.

5.6.2 Therefore, accounting costs which are properly recorded within the Comprehensive Income and Expenditure Statement (e.g. notional charges such as depreciation and adjustments to pensions costs required by International Financial Reporting Standards) are excluded from the Council’s Final Accounts because the Final Accounts Portfolio spending only reports the amounts that are required to be met from Council Tax. Regulation prohibits notional charges such as depreciation being met from Council Tax.

5.6.3 In practice this means that there is a difference of £3.412 million between the bottom line reported in Portfolio spending (£13.547 million) and the bottom line of the cost of services reported in the Comprehensive Income and Expenditure Statement (£16.959 million) which principally relates to the complex notional accounting adjustments required by International Financial Reporting Standards and adjustments for reserves. Further details are provided in the Expenditure and Funding analysis in note 6 and 7 on pages 42 to 43 of the SEPARATE BOOKLET.
5.6.4 The Comprehensive Income and Expenditure Statement on page 21 reveals an increase in the net cost of services year on year of £0.027 million (2017/18 £16.959 million and 2016/17 £16.932 million). This is primarily as a result of Pension current service costs £1.268 million, reduced Capital charges £0.824 million, reduced waste contract costs £0.279 million and additional parking income £0.102 million. A detailed analysis of the variations is contained in note 5 page 42 of the Statement of Accounts.

5.6.5 Other Comprehensive Income and Expenditure Account transactions include a surplus (£6.909 million) on the revaluation of Plant, Property and Equipment assets as contained in the Balance Sheet together with a re-measurement of the net defined benefit liability (£2.274 million) in relation to the pension reserve. Both transactions relate to the Unusable Reserves classification of the accounts and hence have no overall impact upon the financial position of the Council.

5.6.6 Overall, a reduction in comprehensive income and expenditure of £13.493 million was recorded in 2017/18 (2017/18 surplus of (£10.153 million) and 2016/17 deficit of £3.340 million) reflecting in the main the changes in the valuation of Property, Plant and Equipment of (£5.973 million) and the re-measurement on the Pension assets and liabilities of (£5.693 million) (2017/18 gain of (£2.274 million), 2016/17 loss of £3.419 million). The 2017 figure relates principally to a slight increase in the discount factor from 2016/17. The 2016/17 figure reflected a large reduction in the discount rate and changes to the pension increase and salary rates.

5.7 Movement in Reserves Statement (pages 22 - 23)

5.7.1 The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves such as the Capital Adjustment Account and the Pensions Reserve. The (surplus)/deficit on the provision of services shows the true economic cost of providing the Council’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement on page 21 of the SEPARATE BOOKLET.

5.7.2 The Movement in Reserves Statement shows that the Council’s total usable reserves increased from £13.816 million on 31 March 2017 to £20.395 million on 31 March 2018, an increase of £6.579 million. Usable reserves have increased primarily as a result of the timing adjustment in relation to accounting for Business Rates (£3.885 million), capital receipts (£2.100 million), and capital grants (£0.561 million).
5.8 Balance Sheet (page 24)

5.8.1 There has been an increase in net assets of £10.153 million (2017/18 £15.179 million net assets, 2016/17 £5.026 million net assets). The biggest change to report in relation to the Council’s Balance Sheet relates to the £5.698 million increase in the Council’s Property, Plant & Equipment. This relates to increases in Assets under Construction £1.156 million and Other Land and Buildings have increased by £5.137 million primarily relating to increases in build costs for assets valued at depreciated replacement cost. In addition Short Term Investments have increased by £2.511 million, Cash & Cash Equivalents have increased by £2.271 million and Pensions have decreased by £2.002 million. Further details of changes are provided in Page 17 of the narrative report in the SEPARATE BOOKLET.

5.9 Cash Flow Statement (page 25)

5.9.1 The Cash Flow Statement summarises flows of cash in and out of the Council’s bank accounts. The change in the value of cash and cash equivalents year on year (£2.271 million) is primarily due to the additional capital receipts and reserves held. Further details are provided in notes 28, 29 and 30 on pages 63 and 64 of the SEPARATE BOOKLET.

5.10 Collection Fund (page 81)

5.10.1 As a billing authority, the Council is required to provide the Collection Fund Income and Expenditure Account which summarises the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates.

5.10.2 The net position on the Collection Fund in respect of council tax for the year was a surplus of (£0.444 million) which after taking account of previous years’ accumulated surpluses of (£1.392 million) provides a cumulative surplus of £1.836 million (of which £0.195 million relates to this Council). The surplus will be taken into account within the Council Tax calculations for 2019/20.

5.10.3 The net position on the Collection Fund in respect of National Non-Domestic Rates for the year is a deficit of £4.345 million which after taking account of brought forward surpluses of £4.806 million leaves a net surplus of £0.461 million (of which £0.184 million relates to this Council).

5.10.4 A surplus of (£0.461 million) exists in relation to Business Rates as at 31 March 2018. The change of £4.345 million during the year is principally due to distribution of the surplus of £5.008 million during 2017/18.
## 6 Implications

<table>
<thead>
<tr>
<th>6.1 Financial</th>
<th>Included in the report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal</td>
<td>Nil</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Nil</td>
</tr>
<tr>
<td>Human Rights Act</td>
<td>Nil</td>
</tr>
<tr>
<td>Data Protection</td>
<td>Nil</td>
</tr>
<tr>
<td><strong>Risk Management</strong></td>
<td><strong>The main risk associated with the publication of the Statement of Accounts is the impact on the audit opinion. An adverse audit opinion could cause significant damage to the Council’s reputation.</strong></td>
</tr>
</tbody>
</table>

| 6.2 Community Impact Assessment Recommendations | The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:- Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation. |

### Previous Consideration - Nil

### Background Papers - Available in Financial Services
AUDIT AND ACCOUNTS COMMITTEE
30 JULY 2018
Annual Treasury Management Report 2017/18

1 Purpose of Report

1.1 To update members on treasury management activity and performance during the 2017/18 financial year.

2 Recommendation

2.1 To note the annual treasury management report for 2017/18;

2.2 To approve the actual 2017/18 prudential and treasury indicators set out in the APPENDIX.

3 Key Issues and Reasons for Recommendations

3.1 Treasury management activity and performance during the 2017/18 financial year.

4 Relationship to Corporate Priorities

4.1 Treasury management and investment activity link in with all of the Council’s priorities and their spending plans.

5 Report Detail

Background

5.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2017/18. This report meets the requirements of both the CIPFA Code of Practice on Treasury
Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

5.2 During 2017/18 the minimum reporting requirements were that the full Council should receive the following reports:
- an annual treasury strategy in advance of the year (Council 31/01/2017)
- a mid-year (minimum) treasury update report (Council 30/01/2018)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

5.3 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council’s policies previously approved by members.

5.4 This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit and Accounts Committee before they were reported to the full Council. Training has been undertaken by members of the Audit and Accounts Committee and further training will be arranged as required.

The Economy and Interest Rates

5.5 During the calendar year of 2017, there was a major shift in expectations in financial markets in terms of how soon Bank Rate would start on a rising trend. After the UK economy surprised on the upside with strong growth in the second half of 2016, growth in 2017 was disappointingly weak in the first half of the year which meant that growth was the slowest for the first half of any year since 2012. The main reason for this was the sharp increase in inflation caused by the devaluation of sterling after the EU referendum, feeding increases into the cost of imports into the economy. This caused a reduction in consumer disposable income and spending power as inflation exceeded average wage increases. Consequently, the services sector of the economy, accounting for around 75% of GDP, saw weak growth as consumers responded by cutting back on their expenditure. However, growth did pick up modestly in the second half of 2017. Consequently, market expectations during the autumn, rose significantly that the MPC would be heading in the direction of imminently raising Bank Rate. The minutes of the MPC meeting of 14 September indicated that the MPC was likely to raise Bank Rate very soon. The 2 November MPC quarterly Inflation Report meeting duly delivered by raising Bank Rate from 0.25% to 0.50%. The 8 February MPC meeting minutes then revealed another sharp hardening in MPC warnings on a more imminent and faster pace of increases in Bank Rate than had previously been expected. Market expectations for increases in Bank Rate, therefore, shifted considerably during the second half of 2017-18 and resulted in investment rates from 3 – 12 months increasing sharply during the spring quarter. The major UK landmark event of the year was the inconclusive result of the general election on 8 June. However, this had relatively little impact on financial markets.
5.6 **PWLB borrowing rates** increased correspondingly to the above developments with the shorter term rates increasing more sharply than longer term rates. In addition, UK gilts have moved in a relatively narrow band this year, (within 25 bps for much of the year), compared to US treasuries. During the second half of the year, there was a noticeable trend in treasury yields being on a rising trend with the Fed raising rates by 0.25% in June, December and March, making six increases in all from the floor. The effect of these three increases was greater in shorter terms around 5 year, rather than longer term yields.

**Overall Treasury Position as at 31 March 2018**

5.7 At the beginning and the end of 2017/18 the Council’s treasury, (excluding borrowing by PFI and finance leases), position was as follows:

<table>
<thead>
<tr>
<th>TABLE 1</th>
<th>31 March 2017 Principal</th>
<th>Rate/Return</th>
<th>Average Life (yrs.)</th>
<th>31 March 2018 Principal</th>
<th>Rate/Return</th>
<th>Average Life (yrs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total debt (PWLB)</td>
<td>£0m</td>
<td></td>
<td></td>
<td>£0m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CFR</td>
<td>£4.1m</td>
<td></td>
<td>£4.0m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over / (under) borrowing</td>
<td>(£4.1m)</td>
<td></td>
<td>(£4.0m)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total investments</td>
<td>£24.0m</td>
<td>0.56%</td>
<td>0.49</td>
<td>£28.90m</td>
<td>0.42%</td>
<td>0.39</td>
</tr>
<tr>
<td>Short term borrowing</td>
<td>£0.0m</td>
<td></td>
<td></td>
<td>£0m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investments</td>
<td>£24.0m</td>
<td></td>
<td>£28.90m</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Strategy for 2017/18**

5.8 The expectation for interest rates within the treasury management strategy for 2017/18 anticipated low but rising Bank Rate, and gradual rises in medium and longer term fixed borrowing rates during 2017/18. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

5.9 In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

5.10 During 2017/18, longer term PWLB rates were volatile but with little overall direction, whereas shorter term PWLB rates were on a rising trend during the second half of the year.
Borrowing Requirement

5.11 The Council’s underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

<table>
<thead>
<tr>
<th>TABLE 2</th>
<th>31-Mar-17 Actual</th>
<th>31-Mar-18 Budget</th>
<th>31-Mar-18 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>CFR (General Fund)</td>
<td>£4.095m</td>
<td>£3.977m</td>
<td>£3.982m</td>
</tr>
</tbody>
</table>

Borrowing Rates in 2017/18

5.12 **PWLB certainty maturity borrowing rates** - As depicted in the graph below, PWLB 25 and 50 year rates have been volatile during the year with little consistent trend. However, shorter rates were on a rising trend during the second half of the year and reached peaks in February / March. During the year, the 50 year PWLB target (certainty) rate for new long term borrowing was 2.50% in quarters 1 and 3 and 2.60% in quarters 2 and 4.
Borrowing Outturn for 2017/18

5.13 **Borrowing** - Due to investment concerns, both counterparty risk and low investment returns, no borrowing was undertaken during the year.

**Investment Rates in 2017/18**

5.14 Investments rates for 3 months and longer have been on a rising trend during the second half of the year in the expectation of Bank Rate increasing from its floor of 0.25%, and reached a peak at the end of March. Bank Rate was duly raised from 0.25% to 0.50% on 2.11.17 and remained at that level for the rest of the year. However, further increases are expected over the next few years. Deposit rates continued into the start of 2017/18 at previous depressed levels due, in part, to a large tranche of cheap financing being made available under the Term Funding Scheme to the banking sector by the Bank of England; this facility ended on 28.2.18.

**Investment Outturn for 2017/18**

5.15 **Investment Policy** - the Council's investment policy is governed by MHCLG guidance, which has been implemented in the annual investment strategy approved by the Council on 31/01/2017. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc).

5.16 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.
5.17 **Investments held by the Council** - the Council’s investments as at 31 March 2018 are set out in the following table:-

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Start Date</th>
<th>Maturity</th>
<th>Value (£)</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Life</td>
<td>Money Market</td>
<td>6,000,000</td>
<td>0.46</td>
<td></td>
</tr>
<tr>
<td>Federated</td>
<td>Money Market</td>
<td>2,400,000</td>
<td>0.46</td>
<td></td>
</tr>
<tr>
<td>Credit Industriel et Commercial</td>
<td>12/01/2018</td>
<td>12/07/2018</td>
<td>2,500,000</td>
<td>0.53</td>
</tr>
<tr>
<td>The Royal Bank of Scotland</td>
<td>11/09/2017</td>
<td>10/09/2018</td>
<td>2,000,000</td>
<td>0.56</td>
</tr>
<tr>
<td>Santander</td>
<td>95 Day Notice</td>
<td>4,000,000</td>
<td>0.60</td>
<td></td>
</tr>
<tr>
<td>The Royal Bank of Scotland</td>
<td>07/11/2017</td>
<td>06/11/2018</td>
<td>1,500,000</td>
<td>0.76</td>
</tr>
<tr>
<td>Nationwide BS</td>
<td>15/11/2017</td>
<td>15/05/2018</td>
<td>2,000,000</td>
<td>0.46</td>
</tr>
<tr>
<td>Bank of Scotland</td>
<td>15/11/2017</td>
<td>16/05/2018</td>
<td>2,000,000</td>
<td>0.65</td>
</tr>
<tr>
<td>Helaba Bank</td>
<td>16/11/2017</td>
<td>15/11/2018</td>
<td>2,500,000</td>
<td>0.70</td>
</tr>
<tr>
<td>Bank of Scotland</td>
<td>19/03/2018</td>
<td>19/06/2018</td>
<td>2,500,000</td>
<td>0.50</td>
</tr>
<tr>
<td>Bank of Scotland</td>
<td>19/03/2018</td>
<td>19/06/2018</td>
<td>1,500,000</td>
<td>0.50</td>
</tr>
</tbody>
</table>

28,900,000

5.18 The Council maintained an average balance of £36m of internally managed funds. The internally managed funds earned an average rate of return of 0.42%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.21%. The chart below illustrates the movement in the level of investments held by the Council at each month end during the year.

![Average Investment Balance 2017/18](chart)

5.19 The average rate of return exceeded the benchmark with investment earnings of £176,533. This was slightly higher than the revised budget of £168,000 set in February 2018.
6 Implications

<table>
<thead>
<tr>
<th>6.1 Financial</th>
<th>Included in the report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal</td>
<td>Nil</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Nil</td>
</tr>
<tr>
<td>Human Rights Act</td>
<td>Nil</td>
</tr>
<tr>
<td>Data Protection</td>
<td>Nil</td>
</tr>
<tr>
<td>Risk Management</td>
<td>Included in the report</td>
</tr>
</tbody>
</table>

6.2 Equality and Diversity

The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:-

Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

Previous Consideration - Nil

Background Papers - Available in Financial Services
1. **PRUDENTIAL INDICATORS**

<table>
<thead>
<tr>
<th></th>
<th>2016/17</th>
<th>2017/18</th>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>£'000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>3,232</td>
<td>4,478</td>
<td>2,660</td>
</tr>
<tr>
<td>Ratio of financing costs to net revenue stream</td>
<td>-0.70%</td>
<td>-1%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Gross borrowing requirement</td>
<td>1,286</td>
<td>1,285</td>
<td>1,285</td>
</tr>
<tr>
<td>Gross debt</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Capital Financing Requirement as at 31 March</td>
<td>4,095</td>
<td>3,977</td>
<td>3,982</td>
</tr>
<tr>
<td>Annual change in Cap. Financing Requirement</td>
<td>-2118</td>
<td>-118</td>
<td>-113</td>
</tr>
</tbody>
</table>

2. **TREASURY MANAGEMENT INDICATORS**

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorised Limit for external debt -</td>
<td>7,286</td>
<td>7,285</td>
<td>7,285</td>
</tr>
<tr>
<td>Operational Boundary for external debt</td>
<td>4,286</td>
<td>7,285</td>
<td>7,285</td>
</tr>
<tr>
<td>Actual external debt</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Maturity structure of fixed rate borrowing during 2017/18</th>
<th>upper limit</th>
<th>lower limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>under 12 months</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>12 months and within 24 months</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>24 months and within 5 years</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>5 years and within 10 years</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>10 years and above</td>
<td>100%</td>
<td>0%</td>
</tr>
</tbody>
</table>
1 Purpose of Report

1.1 The purpose of this report is to present the Audit and Accounts Committee’s Work Programme.

2 Recommendation

2.1 That the Audit and Accounts Committee considers and comments upon their Work Programme.

3 Key Issues and Reasons for Recommendation

3.1 The Committee will continue to consider its normal programme of business and will include provision to address any areas of concern raised by Members.

3.2 An up-to-date copy of the Audit and Accounts Committee’s Work Programme is provided for Members to consider and comment upon.

4 Relationship to Corporate Priorities

4.1 The work of the Audit and Accounts Committee is most closely associated with all of the Council’s Corporate Priorities.
5 Report Detail

5.1 At each scheduled meeting of the Audit and Accounts Committee, an up-to-date copy of the Work Programme will be provided for Members to consider and comment upon.

5.2 Accordingly the Audit and Accounts Committee’s current Work Programme is attached as an APPENDIX.

6 Implications

<table>
<thead>
<tr>
<th></th>
<th>Nil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>Nil</td>
</tr>
<tr>
<td>Legal</td>
<td>Nil</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Nil</td>
</tr>
<tr>
<td>Human Rights Act</td>
<td>Nil</td>
</tr>
<tr>
<td>Data Protection</td>
<td>Nil</td>
</tr>
<tr>
<td>Risk Management</td>
<td>Nil</td>
</tr>
</tbody>
</table>

6.2 Community Impact Assessment Recommendations

The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:-

- Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity,
- race, religion or belief, sex, sexual orientation.

Previous Consideration - Nil

Background Papers - File available in Law and Administration
## AUDIT AND ACCOUNTS COMMITTEE

### 30 JULY 2018

Work Programme - Audit and Accounts Committee

<table>
<thead>
<tr>
<th>TUESDAY 4 DECEMBER AT 6.30PM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minutes of Last Meeting:</td>
</tr>
<tr>
<td>Officer Items by:</td>
</tr>
<tr>
<td>Agenda Despatch on:</td>
</tr>
</tbody>
</table>

### Officer Reports

- The Annual Audit letter for Stafford Borough Council
  - Grant Thornton
- Treasury Management Mid-Year Report 2018/19
  - Head of Finance
- Treasury Management Strategy, Minimum Revenue Provision
  - Policy and Annual Investment Strategy 2018/19
  - Head of Finance
- Annual Governance Statement Progress Report
  - Head of Governance
- Internal Audit Quarter 2 Report for 2018/19
  - Chief Internal Auditor
- Risk Management Report
  - Head of Governance
- Work Programme
  - Head of Law and Administration
TUESDAY 19 MARCH 2019 AT 6.30PM

Minutes of Last Meeting: 4 December 2018
Officer Items by: Monday 4 March 2019
Agenda Despatch on: Monday 11 March 2019

<table>
<thead>
<tr>
<th>Officer Reports</th>
<th>Officer Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Certification work for SBC for the Year Ended 31 March 2018 Grant Thornton</td>
<td></td>
</tr>
<tr>
<td>• Audit Progress Report and Sector Update Grant Thornton</td>
<td></td>
</tr>
<tr>
<td>• Informing the Audit Risk Assessment for SBC Grant Thornton</td>
<td></td>
</tr>
<tr>
<td>• External Audit Plan - Year Ended 31 March 2018 Grant Thornton</td>
<td></td>
</tr>
<tr>
<td>• Internal Audit Quarter 3 Report for 2018-19 Chief Internal Auditor</td>
<td></td>
</tr>
<tr>
<td>• Internal Audit Plan for 2019-20 Chief Internal Auditor</td>
<td></td>
</tr>
<tr>
<td>• Work Programme Head of Law and Administration</td>
<td></td>
</tr>
</tbody>
</table>

FUTURE ITEMS

- Annual Governance Statement Progress Reports
- Internal Audit Progress Reports
- Risk Management Progress Reports