**EXTERNAL AUDIT REPORT 2017/18**

**Summary:** To report the results of the external audit of the Annual Return 2017/18.

**Recommendation:** **The Executive Committee recommends that the Board notes the results of the external audit of the Annual Return for 2017/18.**

**Officer Ref:** Martin Lane, Director

**Background**

1. Under the Local Audit and Accountability Act 2014, the Board is subject to an annual review by independent auditors appointed by “Smaller Authorities’ Audit Appointments Ltd” (SAAA), which is the successor body to the Audit Commission in this regard. The auditors appointed for 2017/18 were PKF Littlejohn LLP who were new to the Board.
2. Smaller authorities are subject by the SAAA to a “Limited Assurance” regime rather than a full audit. Under this regime, the auditors undertake a limited range of specified procedures to give a report that provides limited, rather than reasonable, assurance about the accounting statements. For smaller authorities with a turnover in excess of £200k, the level of the review is termed “Intermediate”.
3. The Board is required to submit to the auditors an Annual Governance and Accountability Return (AGAR) and supporting information. The review is then carried out remotely from the auditors’ London office.
4. The review of the 2017/18 AGAR has been completed and signed off by PKF Littlejohn LLP. The auditor’s fee for the year was £2,400.
5. The auditors concluded that the Board had operated in accordance with proper practices, except for the following issues:

a) The inspection period for the exercise of public rights did not include the first 10 working days of July.

b) There were two queries on the actual figures submitted. Both of these were in fact clarified in time for the final report.

c) There has been some discussion over the accounting treatment of Fixed Assets. A separate report on Assets and Inventories was considered by the Executive Committee in February, and is included on the current Board agenda.

6. Whilst it is felt that the auditors’ reporting methodology could have been more concise, the Board accepts the core points raised and will ensure that they are fully addressed in the course of the preparation of the 2018/19 Annual Governance and Accountability Return (AGAR), which is due to be completed in June 2019.

**Supporting Paper(s): None.**