

## **Audit Committee**

**25 July 2018**

Present: Mr K Robinson (Chair)  
Mr M Wilkinson  
Councillors D Cox, S Graham, J Harrison,  
A McMullen, J Mole and J Wallace.

### **AC13/07/18 Apologies**

An apology for absence was submitted on behalf of Councillor N Craven.

### **AC14/07/18 Substitute Members**

There were no substitute members reported.

### **AC15/07/18 Declarations of Interest and Dispensations**

There were no declarations of interest or dispensations reported.

### **AC16/07/18 Minutes**

**Resolved** that the minutes of the meeting held on the 23 May 2018 be confirmed as a correct record and signed by the Chair.

### **AC17/07/18 2017/18 Audit Completion Report**

The Committee was presented with the Audit Completion Report which provided details of the outcome of the external audit of the 2017/18 Financial Statement.

It was explained that under the Accounts and Audit Regulations 2015 the Authority was required to produce draft accounts by the 31 May 2018 and to publish audited accounts by the 31 July 2018.

Gareth Davies and Diane Harold of Mazars, the Authority's external auditors, presented the up to date Audit Completion Report to the Committee which showed that there had been no material errors identified in the financial statements.

It was explained that Mazars had identified a number of significant risks as part of its Audit Strategy Memorandum which had previously been reported to the Committee and it continued to assess whether any further risks had emerged during the course of the year.

Reference was particularly made to:

- Management Override of Controls;
- Property, Plant and Equipment Valuations;
- Revenue Recognition;

- Defined Benefits Liability Valuation; and
- Restatement of Comprehensive Income and Expenditure Statement.

It was explained that subject to the completion of any outstanding works appropriate assurance had been obtained and there had been no significant matters arising. Details of the significant matters which had been discussed with management were outlined together with the management's response.

It was explained that the Building Cost Information Service produced indices which were used in the preparation of the value of assets and these indices had shown a significant increase, of approximately 20% for North Tyneside. As a result it had been necessary to revalue the assets within the Authority's portfolio, which had been valued at the Depreciated Replacement Cost, and this had resulted in an increase in the net book value of £87.686M. The procedures put in place to ensure correct and up to date valuations were outlined.

Clarification was sought on the reasons for the undervaluation of the assets and the steps taken to prevent it happening again. Details of the measure put in place to tighten up the system were also outlined.

**Resolved** that the Audit Completion Report, the Value for Money Conclusion and the draft Letter of Representation be noted