

**Committee Name and Date of Committee Meeting**

Audit Committee – 30 July 2019

**Report Title**

Audited Statement of Accounts 2018/19

**Is this a Key Decision and has it been included on the Forward Plan?**

No

**Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director of Finance and Customer Services

**Report Author(s)**

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**Ward(s) Affected**

All

**Report Summary**

Members are asked to consider Grant Thornton's findings, as set out in the ISA260 Report (Appendix 4), before formally approving the 2018/19 Statement of Accounts (Appendix 1) and the 2018/19 Narrative Report (Appendix 2) for publication as final and to issue Grant Thornton with the Letter of Management Representations (attached as Appendix 3) which Grant Thornton require to complete their audit.

The ISA 260 report sets out Grant Thornton's overall conclusions from their 2018/19 audit in relation to their two statutory objectives:

- To give an opinion on the Council's financial statements, and
- To conclude on whether the Council has arrangements in place to secure value for money in the use of its resources.

Members will note that Grant Thornton intend to issue an unqualified opinion on the Statement of Accounts.

The ISA260 Report also provides details of the external auditors 'value for money opinion'. Grant Thornton also intend to issue an unqualified opinion in respect of the Council's value for money arrangements.

## **Recommendations**

1. Consider Grant Thornton's overall audit findings from their 2018/19 audit as set out in the ISA 260 report in Appendix 4.
2. Having taken due regard of these findings, formally approve the 2018/19 Statement of Accounts attached as Appendix 1 for publication as final and the 2018/19 Narrative Report attached as Appendix 2 for publication as final; and
3. Approve that Grant Thornton be issued with the Letter of Management Representation attached as Appendix 3.

## **List of Appendices Included**

Appendix 1 – 2018/19 Statement of Accounts to be published as final

Appendix 2 – 2018/19 Narrative Report to be published as final

Appendix 3 – Letter of Management Representation

Appendix 4 – ISA 260 2018/19

## **Background Papers**

Accounts and Audit Regulations 2015

CIPFA Code of Practice on Local Authority Accounting 2018/19

Interim Audit Letter 2018/19

## **Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No

## **Council Approval Required**

No

## **Exempt from the Press and Public**

No

## **Audited Statement of Accounts 2018/19**

### **1. Background**

- 1.1 At the Audit Committee meeting on 29 January 2019 members received Grant Thornton's Audit Plan for 2018/19 which set out the audit approach to discharge their audit objectives and the risks they had identified in relation thereto. At the subsequent Audit Committee meeting on 26 March 2019, Members were presented with an External Audit progress report from Grant Thornton on the interim position setting out progress following the planning and controls evaluation stages of their audit.
- 1.2 The ISA 260 report summarises Grant Thornton's overall conclusions from their 2018/19 audit in relation to their two statutory objectives:
  - To give an opinion on the Council's financial statements, and
  - To conclude on whether the Council has arrangements in place to secure value for money in the use of its resources (Value for Money Conclusion)
- 1.3 In order to complete the audit process in compliance with the Accounts and Audit Regulations 2015, the Audit Committee, as the body charged with governance within the Council, is required to formally resolve that the Statement of Accounts and Narrative Report be approved for publication as final. Approval can now take place, as the period for local electors to exercise their rights to ask questions of the auditor or to raise a formal objection that an item of account is unlawful, has expired.
- 1.4 Grant Thornton also require as part of their audit completion processes, that they are provided with a Letter of Management Representations providing additional assurance on certain matters. The Letter of Management Representations (attached as Appendix 3) has been signed by the Strategic Director - Finance and Customer Services. This also needs to be agreed and signed on behalf of Audit Committee.

### **2. Key Issues**

- 2.1 The draft unaudited 2018/19 Statement of Accounts was published on the Council's website on 31 May 2019 alongside the draft Annual Governance Statement and draft Narrative Report.
- 2.2 A report was submitted to Audit Committee on 18 June 2019 to highlight key aspects of the 2018/19 Statement of Accounts and changes to local authority financial reporting.
- 2.3 The draft unaudited Statement of Accounts and draft Narrative Report have now been audited by Grant Thornton. There is one audit adjustment which relates to the Council's pensions liabilities. This was as a result of the Supreme Court's decision in June 2019 in respect of the McCloud case. The outcome from the case required revised estimates of the pension liabilities to be received from the Council's actuary. The Council has updated the Statement of

Accounts to reflect this revised information. It should be noted that the McCloud judgement impacts on the pension liabilities of all local authorities.

- 2.4 Aside from the McCloud issue, the Council is pleased to report, that no other audit adjustments have been necessary other than a small number of presentational changes. All of these presentational changes have been incorporated into the final versions of both the Statement of Accounts and the Narrative Report which Audit Committee are being asked to approve (Appendices 2 and 3). None of the presentational changes affect the financial performance or financial position of the Council previously reported in the unaudited Statement of Accounts.
- 2.5 The ISA 260 Report outlines any issues that Grant Thornton have found with regards to areas of significant audit risk, their opinion as to whether reasonable professional judgement has been exercised, and provides recommendations for further improvements in the production of the accounts.

### **Value for Money (VFM) Conclusion**

- 2.6 The ISA 260 report also sets out the approach, risks, work and conclusion reached by Grant Thornton on whether the Council has satisfactory arrangements in place to secure the economy, efficiency and effectiveness in the use of its resources.
- 2.7 The conclusion reached, is that the Council has made proper arrangements to ensure it took properly-informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

### **3. Options considered and recommended proposal**

- 3.1 There is no discretion on whether to comply with the Code of Practice on Local Authority Accounting or the Accounts and Audit Regulations 2015. The purpose of the recommendations is for Audit Committee to meet its responsibilities in relation to the closure of the accounts.

### **4. Consultation on proposal**

- 4.1 Close liaison continues to be maintained with the Council's External Auditors to ensure that complex accounting issues and action taken in response to changes to the local authority accounting framework are agreed in advance of the financial statements being prepared.

### **5. Timetable and Accountability for Implementing this Decision**

- 5.1 The statutory deadline for publishing the audited financial statements is 31st July. Grant Thornton anticipates giving an unqualified opinion by this date which will enable this deadline to be met.

### **6. Financial and Procurement Advice and Implications**

- 6.1 There are no financial or procurement implications directly associated with this report, other than continuing to produce good quality financial statements and

supporting working papers which meet Grant Thornton's expectations and will help to minimise the audit fee.

## **7. Legal Advice and Implications**

7.1 None, other than ensuring compliance with the requirements of the Accounts and Audit Regulations 2015.

## **8. Human Resources Advice and Implications**

8.1 There are no Human Resource implications arising from the report.

## **9. Implications for Children and Young People and Vulnerable Adults**

9.1 There are no implications arising from the proposals to Children and Young People and Vulnerable Adults.

## **10. Equalities and Human Rights Advice and Implications**

10.1 There are no implications arising from this report to Equalities and Human Rights.

## **11. Implications for Partners**

11.1 There are no other implications arising from this report to Partners.

## **12. Risks and Mitigation**

12.1 Robust project management arrangements have been put in place to ensure that the financial reporting timetable is adhered to and quality standards met.

## **13. Accountable Officers**

Judith Badger, Strategic Director – Finance & Customer Services

Approvals obtained on behalf of Statutory Officers:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Sharon Kemp	<a href="#">Click here to enter a date.</a>
Strategic Director of Finance & Customer Services (S.151 Officer)	Named officer	<a href="#">Click here to enter a date.</a>
Head of Legal Services (Monitoring Officer)	Named officer	<a href="#">Click here to enter a date.</a>

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