

**REPORT TO THE GOVERNANCE & AUDIT COMMITTEE
MEETING ON: 24th July 2019**

Status: Decision
Title: Financial Statements 2018/19
Originator: Simon Riley, Head of Finance and Corporate Services (S151 Officer)
Where from: N/A
Where to next: External Audit and Publication

1 Outcome Sought from Committee

1.1 To consider and approve the Council's Statement of Accounts for 2018/19 financial year.

2 Recommendations

2.1 That the Committee approves the Statement of the Accounts for 2018/19 at Appendix A and;

2.2 Authorise the S151 Officer or deputy to make any further amendments noted at the meeting or prior to formal sign-off by the External Auditor by the end of July 2019.

3 Background

3.1 To bring to Members attention an overview of the Council's financial performance during 2018/19 financial year.

4 Points for Consideration

4.1 **Introduction**

The Council's unaudited accounts for 2018/19 financial year have now been completed. This position statement provides Members with a timely indication of the Council's overall financial performance in advance of the 31st July statutory deadline for the External Auditor to sign off the accounts.

4.2 **Timing**

The Accounts and Audit Regulations require that the annual statement of accounts for the preceding financial year must be completed, signed, dated and certified by the Responsible Financial Officer (the Section 151 Officer) by the 31st May of the current financial year in readiness for the external auditors to examine the accounts. The accounts were issued on 28th May 2019.

The Council's external auditor has been reviewing the statements and the working papers, a separate report on the findings (Audit Completion Report (IAS 260) has been reported to this meeting. He expects to be able to issue unqualified opinions on the Financial Statements and VFM Assessment by the 31st July 2019 in accordance with the Accounts and Audit Regulations.

4.3 **Corporate Governance**

In accordance with the Accounts and Audit Regulations the statement and other related documents were made available for public inspection for a period of in June following their issue. No members of the Public availed themselves of this opportunity during this period.

The Accounts and Audit Regulations require that the audited statement is published by 31st July. It is timetabled that following receipt of the Auditor's opinion on the Statement a public notice will be placed in the local press. The statements will be made available on the Council's website and also for purchase in hard copy format.

4.4 **Annual Governance Statement**

The Annual Governance Statement is produced alongside the financial statements and is on the same agenda for approval prior to the accounts being signed off. The signed Annual Governance Statement will be published on the website alongside the Accounts.

4.5 **Structure of the Accounts**

4.5 The format of the accounts complies with the requirements set out in CIPFA's Code of Practice on Local Authority Accounting in the UK 2018/19.

4.6 Since the issuing of the draft accounts at the end of May there are two changes to the Accounts that the Council has agreed with the External Auditor to amend

(a) Nationally, Councils are being requested by their auditors to incorporate within their accounts the impact of recent court judgements in respect of pension liabilities (McCloud/GMP). This required the Council to request from the actuaries a revised pension calculation which have been incorporated in the final accounts for approval. The Council had previously included this issue within the draft accounts as a Contingent liability. All

Councils within the Country are making these adjustments following auditor and CIPFA guidance after the 1st June. The impact of this adjustment was to increase the notional pension liability within the accounts

- (b) The External Auditor has requested that the Council change its year end cut off date to 31st March. Previously the Council's accounting policy was to match 365 days of income in each financial year which meant that the cut-off date for income to be receipted in the 2018/19 financial year was 29th March 2019. This has the impact that the 'cash in transit' included amounts settling outstanding debts, for example debtors which could be viewed as being 'settled' by the 31st March. The Council has therefore agreed to amend the accounts for £1.662 million of debtors 'settled' between 29th March and 31st March. This is just a movement between debtors and cash on the balance sheet and associated disclosure notes. This amendment does not have any impact on the surplus. It is important to note that the draft accounts were prepared consistently with the accounting policy that the Council has operated previously. This is a change for 2018/19 Accounts and subsequent years.

- 4.6 No changes to the overall surplus for the financial year have been made since the draft accounts were issued at the end of May.
- 4.7 There were a number of minor presentational amendments made – this is normal as part of the Audit process and have been incorporated in the final accounts for Members approval
- 4.8 The S151 Officer is required as part of signing off the accounts to submit to the External Auditor a Management Representation Letter. This has been submitted and is included within the auditors' audit completion report.
- 4.9 The Statements are attached at **Appendix A**.

5 Equality Impact Assessment

- 5.1 None arising directly from this report.

6 Conclusions

- 6.1 The Statement of Accounts must be signed off by the External Auditor on 31st July 2019

Previous report(s):

Information Issued Under Sensitive Issue Procedure: N

Ward Members Notified: N

Appendices: *list any appendices here including title and filename in brackets (e.g. Performance Data 2010 (perfddata.doc)).*