

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Christine Marshall – Executive Director Commercialisation (S151 Officer)

To: Governance and Audit Committee 25 July 2019

Author: Steve Houchin – Head of Financial Services

Subject: External Audit Progress report and Unaudited Statement of Accounts 2018/19

Purpose: To update the Audit and Governance Committee of events since the unaudited Financial Statements were presented.

Recommendation(s):

That the Governance and Audit Committee:

- 1) Note the update on the Financial Statements 2018/19.
- 2) Approve the Annual Governance Statement 2018/19.

1.0 BACKGROUND

- 1.1 The draft 2018/19 Financial Statements were signed by the Section 151 Officer on 31 May 2019 and presented to the Committee on 6 June 2019.
- 1.2 The external audit of the draft statement of accounts for the year ended 31 March 2019 has not yet been completed by the external auditors, EY LLP, due to EY's resourcing pressures. This situation is allowed for by Regulation 10, paragraph (2a) of the Accounts and Audit Regulations 2015. (See link: <http://www.legislation.gov.uk/ukxi/2015/234/regulation/10/made>)
- 1.3 As per paragraph (2a), of the above regulations the Council are not yet able to publish the audited 2018/19 final statement of accounts in line with deadline of 31st July 2019, as per paragraph (1). The Governance and Audit Committee will instead consider the results of the 2018/19 audit at its meeting on 24th October 2019, after which we will publish the final audited accounts.
- 1.4 The audit of the 2018/19 Financial Statements is currently scheduled to commence late September 2019, and the latest Statements are attached as Appendix A, including the Annual Governance Statement.
- 1.5 At the time of writing this report we are aware of an issue relating to pensions, which is as a result of a recent Supreme Court judgement. This ruled that the 2015 changes to public sector pensions had discriminated against younger employees. The ruling means Council pension funds will likely have to compensate and account for payments to ensure that no employee is left out of pocket. The Council's actuaries have advised that there is an estimated £212,000 impact on the pension liabilities figures in the accounts, although no impact to the Council's general fund.
- 1.6 It has been decided that due to materiality levels no adjustment be made to the 2018/19 accounts and the Council has decided to treat this as a contingent liability.

1.7 Annual Governance Statement

1.7.1 This was reviewed at the last meeting held on the 6th June 2019 and is attached at Appendix B.

1.7.2 The Annual Governance Statement will need to be signed by the Leader of the Council and Chief Executive once the Statements have been approved.

2.0 OPTIONS

2.1 N/A

3.0 REASONS FOR RECOMMENDATION(S)

3.1 To update the committee on the progress for publishing the Financial Statements 2018/19.

4.0 EXPECTED BENEFITS

4.1 Strengthened governance arrangements.

5.0 IMPLICATIONS

5.1 Constitution & Legal

5.1.1 The Accounts and Audit Regulations 2015 define these arrangements.

5.1.2 The Council's Financial Statements are required to be audited, approved and published by 31 July each year with the exception of paragraph 1.4.

5.2.1 Financial

5.2.2 There are no financial implications as a result of this report. The audit of the Financial Statements provide external validation that the stewardship of public funds has been undertaken effectively, and that the statutory reporting requirements laid out in the accounting code of practice have been followed.

5.2.3 The Financial Statements presented in Appendix A are currently being subject to a final verification by the external auditors. Minor presentational issues may arise in this process and an approved final version will be submitted to the chair of the Committee for signature.

5.3 Risk Management

5.3.1 The Council's risk management arrangements are reflected in the Annual Governance Statement.

5.3.2 The audit process has identified some areas where improvements are necessary, and these will be implemented for the production of the Financial Statements 2019/20.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 All

7.0 ACRONYMS

Background papers:

Lead Contact Officer

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Director / Officer who will be attending the Meeting

Name and Post: Steve Houchin – Head of Financial Services

Key Decision: No

Exempt Decision: No

Appendices attached to this report:

Appendix A 2018/19 Financial Statements
Appendix B 2018/19 Annual Governance Statement