

SOUTH HOLLAND DISTRICT COUNCIL

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

To: Governance and Audit Committee 16 January 2020

Author: Nicky Lovely – Interim Financial Control Manager

Subject: Approval of Financial Statements 2018/19

Purpose: To seek approval for the Annual Governance Statement for inclusion with the Council's published Financial Statements, and approval of the Audited Financial Statements 2018/19 for publication.

Recommendation(s):

That the Governance and Audit Committee

- 1) Approve the Financial Statements 2018/19, taking note of the adjustments made in the redrafted financial statement (Appendix A)
- 2) Authorise the Section 151 officer to approve any amendments, if required, after the Committee date and prior to the official signing of the Accounts.
- 3) Approve the Annual Governance Statement 2018/19
- 4) Review the letter of representation at Appendix B and if it agrees, approve the Section 151 Officer and Chair to sign on its behalf.

1.0 BACKGROUND

1.1 2018/19 Financial Statements

- 1.1.1 The audit of the 2018/19 Financial Statements is now substantially complete, and the Statements are attached as Appendix A. At the time of writing this report we are aware of some areas of outstanding work that Ernst & Young are undertaking. These are not expected to identify any issues.
- 1.1.2 The draft Annual Governance Statement and the unaudited Financial Statements 2018/19 were presented to the Committee on 6 June 2019. At that meeting the Committee were reminded of the new shortened timescales in which the audit must be completed. The start of the audit was delayed until 23rd September due to resourcing issues at Ernst & Young, but since then auditors have been working to establish the compliance of the accounts with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and the Council's own accounting policies.
- 1.1.3 This section of the report updates the Committee on the progress of the audit, and asks members to formally approve the Financial Statements for publication, having considered the issues raised by the auditor in their report to those charged with governance (ISA 260 report at item 4 on this agenda).
- 1.1.4 The misstatements identified on page 20 of the ISA 260 report have been corrected in the Financial Statements.

1.1.5 A small number of other presentational adjustments were required to ensure compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

1.2 Annual Governance Statement

1.2.1 At the same meeting the Committee considered and commented on the draft Annual Governance Statement. During the audit, Ernst & Young highlighted a small number of changes that were required, to ensure compliance with the CIPFA Code of Practice.

1.2.2 The Annual Governance Statement is required to be signed by the Leader of the Council and Chief Executive. This Committee is requested to approve the final statement to allow it to be published with the Financial Statements.

1.2.3 Members should note the current "Reasonable" assurance with regard to the Internal Audit Opinion. This will be continue to be an area of focus for the Council and its contractor PSPS over the coming months in terms of addressing the outstanding audit recommendations.

2.0 OPTIONS

2.1 To approve the audited Financial Statements and the Annual Governance Statement

2.2 Not to approve the statements

2.3 There is a statutory requirement for the Financial Statements to be approved and published by 31 July (30 September in previous years) or as soon as reasonably practicable after receipt of the auditors final findings (if later).

3.0 REASONS FOR RECOMMENDATION(S)

3.1 To meet corporate governance best practice and statutory reporting requirements.

3.2 In line with statutory requirements to approve financial statements.

4.0 EXPECTED BENEFITS

4.1 Strengthened governance arrangements.

5.0 IMPLICATIONS

5.1 Constitution & Legal

5.1.1 Accounts and Audit Regulations 2015

5.1.2 The Council's Financial Statements are required to be audited in line with statutory requirements.

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 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 2018/19.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 All

7.0 ACRONYMS

7.1 ISA – International Standards on Auditing

Background papers:

Lead Contact Officer

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Director / Officer who will be attending the Meeting

Name and Post: Nicky Lovely – Interim Financial Control Manager

Key Decision: No

Exempt Decision: No

Appendices attached to this report:

Appendix A 2018/19 Financial Statements

Appendix B Letter of Representation