
Audit & Governance Committee

29 July 2019

Report of the Deputy Chief Executive / Director of Customer & Corporate Services

Annual Financial Report - Statement of Accounts 2018/19

Summary

1. This report presents a final set of accounts for 2018/19 to reflect changes made since the draft pre-audit accounts were presented to this committee on 19 June 2019.

Recommendations

2. Members are asked to
 - (a) Note the matters set out in the Audit Completion Report presented by the external auditor in the previous agenda item and summarised in this report.

Reason

To ensure the proper consideration of the opinion and conclusions of the external auditor in respect of the annual audit of accounts and review of the council's arrangements for ensuring value for money.

- (b) Approve the amended Annual Financial Report at Annex A for signature by the chair from a resolution of this Committee in accordance with the Accounts and Audit Regulations 2015.

Reason

To ensure compliance with the International Auditing Standards and other relevant legislative requirements.

Background

3. The International Standard on Auditing (ISA) 260 requires the Council's External Auditor to report to those charged with governance any issues arising from the audit of the financial statements. It is also a statutory

requirement that the Council approves the final statement of accounts after the audit and by 31st July each year.

Analysis

4. The accounts attached at Annex A have been revised since the unaudited version was reported to the Audit & Governance Committee meeting in June 2019. A number of minor amendments have been made to the text and supporting information, mostly to try and improve the information contained within the accounts.
5. The main change that has arisen since the June committee is a national issue on public sector pensions. Within the draft accounts a contingent liability had been identified for the McCloud judgement. This outlined that a recent court of appeal hearing had determined that the transitional protection arrangements put in place when the fire fighters' and judges' pension schemes were reformed were age discriminatory and this ruling potentially had implications for all public sector pension schemes which were reformed around the same time. This was identified as a contingent liability because the Government had applied to the Supreme Court for permission to appeal this judgement and therefore the outcome was, at that time, uncertain.
6. On 27th June it was announced that the Government's application for leave to appeal had been denied. It should be noted that this does not remove all the uncertainty since we do not yet know what the remedy will be to compensate for the illegal age discrimination.
7. In light of the announcement made on the 27th June, the pension fund actuary was asked to re-calculate the council's pension liability. At the time of writing, this information has not yet been received and a verbal update will be provided at the meeting. Whilst we anticipate that the future pension liability will increase, this has no impact on the 2018/19 outturn and no impact on the council tax payer. This is because it is an estimate of future liability and therefore a technical accounting adjustment. We are simply amending the future liability figure in light of recent announcements.
8. There been no other substantive changes made to any of the core statements. All the changes made have been highlighted in the accounts attached at Annex A.

9. It should also be noted that these changes have no impact on the outturn position of the council as all the changes made are minor clarifications and technical accounting adjustments.
10. The Audit Completion Report highlights the auditor's view that the Council has made proper arrangements to secure economy, efficiency and effectiveness in our use of resources. It is anticipated both the final accounts and the Value for Money assessment will be signed off without qualification.
11. The details of all the changes made are included in appendix A of the Audit Completion Report. The 2018/19 audit is now substantially complete, and Mazars summarise their review of the accounts in their Audit Completion Report which is presented separately on the agenda for this meeting.
12. The accounts were available for public inspection between the 3rd June and 12th July. There were a number of queries from several residents during this period. The main queries received related to asset disposals, travel costs and the level of reserves held.
13. The annual production of the accounts is the subject of a continuous review and, as usual, areas for improvement will be identified as a result of any issues identified this year. Any subsequent items identified in the last few days of the audit work will be reported verbally at the meeting.

Consultation

14. The content of the report of the external auditor has been discussed with the relevant responsible officers. It is reported here for due consultation with those members charged with governance at the council.

Options

15. Not applicable.

Corporate Priorities

16. The Annual Financial Report provides a technical financial summary of the activities of the council and assists in providing the Council with a viable financial position on which to base future budget projections, as well as contributing to the overall effectiveness of the Council's governance and assurance arrangements.

Implications

17. There are no financial, HR, equalities, legal, crime and disorder, IT or property implications arising from this report.

Risk Management

18. Areas of risk identified throughout the annual accounts process are monitored and managed on an ongoing basis to ensure the statutory deadline is met.
19. The Council will fail to comply with legislative and best practice requirements to provide for a proper audit of the Council if it does not consider this report or approve and sign the Annual Financial Report.

Authors:	Chief Officer responsible for the report:			
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Emma Audrain Technical Accountant 01904 551170	Report Approved	✓	Date	19 July 2019
Wards Affected: All				
For further information please contact the author of the report				

Background Papers:

Audit & Governance Committee 19 June 2019 – Pre Audit Statement of Accounts 2018/19

Annex:

Annex A Final Statement of Accounts 2018/19 [To follow]