

AUDIT COMMITTEE

15 July 2019

Statement of Accounts 2018/19

Leader Cllr Bob Deed
Cabinet Member Cllr Alex White
Responsible Officer Andrew Jarrett, Deputy Chief Executive (S151)

Reason for Report: To present the final version of the annual Statement of Accounts to Members, highlighting any areas which have been amended since the draft accounts were published on the website and presented for external audit in May.

RECOMMENDATION: That the Statement of Accounts be approved (subject to the recommendations made by our external auditor, Grant Thornton – see separate agenda item). The Committee is also required to formally approve and sign the letter of representation attached at the back of the Accounts.

Relationship to Corporate Plan: The financial resources of the Council impact directly on its ability to deliver the Corporate Plan.

Financial Implications: Good financial management and administration underpins the entire document.

Legal Implications: It is a statutory requirement to follow the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) when producing the Statement of Accounts.

Risk Assessment: The Section 151 Officer is responsible for the administration of the financial affairs of the Council. Adhering to the Code mitigates the risk of receiving a qualified set of accounts. The Finance Team has also reviewed its overall calculations/workings against the CIPFA published Disclosure Checklist for 2018/19 and entered into detailed discussions with the appointed Audit Manager prior to and during the completion of the accounts.

Equalities Impact Assessment: No equality issues identified with this report.

1.0 Introduction

1.1 The Statement of Accounts for 2018/19 have been produced in full compliance with the Code of Practice on Local Authority Accounting in the

United Kingdom (the Code) and all other relevant accounting legislation. There were actually very few accounting changes for 2018/19.

2.0 The Statement of Accounts

- 2.1 The Unaudited Statement of Accounts 2018/19 was signed of by the Council's S151 Officer in May 2019 – within the statutory deadline and before the start of the external audit review. The draft accounts have been available on-line since the 24 May 2019.
- 2.2 The main highlights of the Statement of Accounts are to be found in the Narrative Report to the accounts beginning on page 4. In overall terms, 2018/19 has been another challenging, but successful year. A small underspend has been achieved and we have been able to increase some of our reserves.
- 2.2 The detailed management accounts were included in the outturn report presented to the Cabinet on the 27 June 2019. This report indicates the financial pressure that the Council faces due to Central Government's continuing austerity programme and the ongoing uncertainty surrounding our main funding sources. As a direct result this Council has focused on reducing expenditure and increasing income in a number of services and continues to maintain a "prudent" level of balances. It is also beginning to explore and accept some more commercial opportunities to either increase revenue or cut cost in order to protect frontline service provision.
- 2.3 In order to provide a summary financial position of how the Council ended 2018/19 a list of all available reserves is detailed below.

Balances held as at 31 March 2019

Useable Reserves	B/fwd 31/03/18 £k	In Year Movement (Surplus)/Deficit £k	C/fwd 31/03/18 £k
General Fund Balance	(2,690)	189	(2,501)
General Fund Earmarked Reserves	(10,689)	(3,664)	(14,353)
Housing Revenue Account Balance	(2,000)	0	(2,000)
HRA Earmarked Reserves	(15,227)	(1,096)	(16,323)
Capital Receipts Reserve	(3,501)	(119)	(3,620)
Capital Grants Unapplied	(2,933)	786	(2,147)
Total Useable Reserves	(37,040)	(3,904)	(40,944)

- 2.4 As can be seen from the above balances, the Council remains in a strong position to deal with the funding challenges it faces. A strong culture of financial awareness is now embedded throughout the Council. This is enhanced with regular budget monitoring reports produced for Leadership Team meetings, meetings of the Cabinet and the Policy Development Groups.

2.5 This Council continues to take proactive steps to strategically plan for further reductions in Central Government financial support. The Leadership Team, with the Chief Executive and Group Managers have ongoing dialogue with service managers to discuss funding reduction scenarios in order to balance our ongoing expenditure needs associated with the current Corporate Plan.

3.0 The Audit

2.1 Our external auditor's Grant Thornton are proposing to issue an unqualified opinion on the 2018/19 accounts. This is clearly a very positive outcome and reflects the continued skills and hard work of the Finance team. There were very few audit findings and appropriate adjustments have been made as follows.

2.2 We reviewed our Financial Instruments note to include the 3 Rivers Transactions which had been omitted in error. This was a disclosure note only and had no impact on the outturn position or Primary Statements.

2.3 We also enhanced three other disclosures for clarity but these also had no impact on the Primary Statements or "bottom line".

2.2 In addition Grant Thornton have also reviewed our arrangements to secure economy, efficiency and effectiveness in our use of resources, and provide an opinion in the form of a value for money conclusion. They have stated that "we are satisfied that the Council had proper arrangements ...except for the matter we identified in respect of Group Governance". We are actively addressing these issues and have put significant processes in place to ensure this risk is addressed.

3.0 Conclusion

3.1 Members are asked to approve the Statement of Accounts which reflect a true and fair view of the financial position of the Council as at 31 March 2019. The Committee is also required to formally approve and sign the letter of representation attached at the back of the Accounts.

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Background Papers: Audited Statement of Accounts 2018/19

Circulation of the Report: Cllr Alex White