

Audit Committee

Introduction to Financial Statements and Annual Governance Statement

Andrew Jarrett

Deputy Chief Executive (S151)

Email: ajarrett@middevon.gov.uk

Kieran Knowles

Principal Accountant and Procurement Manager

Email: KKnowles@middevon.gov.uk

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Role of the Audit Committee (1)

- **Annual Accounts**
 - annual approval of annual accounts
 - receipt of auditors report (ISA260)/Audit Findings Report and formal consideration of issues raised prior to audit opinion & publication of accounts
 - consideration of issues raised and their impact on governance and systems of internal control
- **Annual Governance Statement**
 - annual approval of statement and associated reports
 - monitor and challenge action taken in response to significant internal control and governance issues identified
 - promote the development of governance and systems of internal control

Role of the Audit Committee (2)

Things to consider / assist:

- Previous assurance reports from Internal & External Audit
- Findings from Inspections and other external reviews
- Issues from internal reviews
- Reports from officers
- External third party commentary & views e.g. Public / Press
- Inherent knowledge and personal experience
- Progress in delivering previous actions & recommendations
- Awareness of deficiencies / risks materialising in year
- Learning from others
- Ask questions – there are 'no stupid questions'

Discharging your responsibilities

- Financial performance – is this in line with in-year reporting and your understanding?
- Going concern – are there any concerns over the financial standing and future financial outlook for the Council?
- Are all notes consistent and do they provide further clarification
- Other aspects and individually material items, e.g.
 - PPE useful lives / valuations
 - pensions liabilities
 - Critical judgements
 - Assumptions
 - other one off exceptional items
- How well do the accounts tell the story on these issues?
- Have all your queries being resolved satisfactorily?

What are the Financial Statements?

- An annual summary of the Council's financial affairs
- Shows where the money came from and how it was spent
- Shows what the authority's assets and liabilities were at the year-end
- Includes wider performance information
- Compiled in line with regulations
- Audited by independent (ICAEW) approved auditors

Timeframe

- These Accounts cover 1 April 2021 to 31 March 2022
- Normal deadlines:
 - Draft Accounts published by end of May
 - Target date to completed External Audit by end of July
- Extended deadlines due to Covid-19 and pressures on LA's and Auditors
 - Draft Accounts published by end of July
 - Target date to completed External Audit by end of September
- Public Inspection
 - 30 working days
 - Ran between 6 June and 15 July 2022

Regulations

- In accordance with the Accounts and Audit Regulations 2015 (the Regulations) the Authority is required to approve the Statement of Accounts.
- Primarily based upon CIPFA Code of Practice on Local Authority Accounting in the United Kingdom for 2020/21 supported by International Financial Reporting Standards. (IFRS) and International Accounting Standards (IAS)
- **No material changes to these in 2021/22**
- Reviewed by External auditors appointed by Public Sector Audit Appointments (PSAA) – we have Grant Thornton

Accounting Policies

- **Main Concepts**
 - Materiality
 - Accruals
 - Fair Value valuations
 - Going Concern

- **Presentation**
 - All values show in Thousands (£000k)
 - All values exclude VAT
 - De Minimis level of £10k applied for Adjustments
 - No Prior Period restatements

Main Aspects of the Accounts

- Intro's from Leader, CEO and S151 Officer
- Narrative report
- Accounting Policies
- Statement of Responsibilities / CFO Certificate
- Auditor's Report
- Main Financial Statements
- Notes to the Accounts
- Other elements including HRA, Collection Fund and Group Accounts

Main Financial Statements

- Movement in Reserves Statement
 - Comprehensive Income and Expenditure Statement
 - Balance Sheet
 - Cash Flow Statement
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- Other elements including HRA, Collection Fund Pensions and Group Accounts

Key issues

- Covid-19 Impact on the accounts
- Collection fund impact and use of reserves
- Maintained financial performance
- Pension fund implications
- Treasury Performance
- 3 Rivers Development Ltd
- Future funding position

Audit Annual Report (ISA260)

- The Audit Opinion – unqualified (hopefully)
- Areas of focus – as identified in the Audit Planning Report
- Audit differences - to be corrected or not and disclosures
- Value for Money – do our arrangements secure economy, efficiency and effectiveness.
- Other reporting issues
- Fees Analysis
- Accounting Estimate Management Summary
- Informing the Risk Assessment