

REPORT TO	ON
Governance Committee	22 December 2020



TITLE	REPORT OF
Audited Statement of Accounts 2018/19 and Letter of Representation	Deputy Director of Finance and Deputy Section 151 Officer

Is this report confidential?	No
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## PURPOSE OF THE REPORT

- To comply with The Accounts and Audit (England) Regulations 2015, Governance Committee is required to approve the audited Statement of Accounts for each year. This report presents the Statement for 2018/19 for approval. The formal deadline for approval was 31 July 2019. The Regulations further require that, where the audit of the accounts has not been concluded by that date, approval shall take place as soon as reasonably practicable afterwards. The Statement is required to be accompanied by the approved Annual Governance Statement (AGS) for the year. The AGS covering both 2018/19 and 2019/20 was approved by the Committee on 16 June 2020.

## RECOMMENDATIONS

- The Committee is recommended to:
  - Approve the audited Statement of Accounts for 2018/19 (Appendix A), subject to any amendments which in the opinion of the Chief Financial Officer (Section 151 Officer) are minor in nature, such minor amendments to be defined as non-material to the financial position of the authority. The Chief Financial Officer will exercise this delegation in consultation with the Chair of Governance Committee. In the event the Chief Financial Officer is of the opinion the amendments are material to the financial position of the authority, Governance Committee will be reconvened to approve the new Statement of Accounts.
  - Consider and approve the Letter of Representation contained at Appendix B and authorise the Chief Financial Officer and Chair of the Committee to sign the letter.

## REASONS FOR RECOMMENDATIONS

- Approval of the financial statements is required in order to comply with The Accounts and Audit (England) Regulations 2015, while approval of the Letter of Representation is required as part of the formal conclusion of the audit for the year.

## OTHER OPTIONS CONSIDERED AND REJECTED

4. The matters presented in this report and the recommendations made are necessary to meet formal statutory responsibilities and so there are no alternative courses of action.

## CORPORATE OUTCOMES

5. The report relates to the following corporate priorities: *(tick all those applicable)*:

An exemplary council	✓	Thriving communities	
A fair local economy that works for everyone		Good homes, green spaces, healthy places	

## BACKGROUND TO THE REPORT

6. Governance Committee received the unaudited Draft Statement of Accounts 2018/19 at its meeting of the 30<sup>th</sup> May 2019. The usual timetable, which would have seen the audit completed and the audited version of the Statement presented to the Committee at the end of July 2019, was delayed while identified governance issues were resolved and the auditor addressed the implications of these for the conduct of the audit. Members are now presented with the audited Statement of Accounts 2018/19 for approval at Appendix A.
7. At the time of writing this report the auditor had yet to fully complete their audit work on the Statement of Accounts for 2018/19, but expects to issue an unqualified audit opinion on those accounts. Details of the auditor's findings as a result of their audit will be presented in their Audit Findings Report elsewhere on this agenda.
8. As a result of the ongoing audit, the Statement of Accounts included at Appendix A contains the amendments identified and required by the auditor as at the date of writing this report. There is one specific query which remains to be resolved and which may result in further amendments.
9. There are just two substantive changes that have been made to the accounts, presented at Appendix A, as a result of the audit. These are:
- Note 1 to the accounts, the Expenditure and Funding Analysis, has been moved from its original position, ahead of the Core Statements, to appear immediately after them.
  - In Note 33, the amount of non-benefits related grants credited to services has been corrected from £1.259m to £2.038m, a change of £779k.
- In addition, there have been a number of updates to disclosures to reflect the passage of time since the publication of the Draft Statement in May 2019, together with some expansion of disclosures and some minor editing, including the correction of typographical errors.
10. Should there be any further changes to the Statement of Accounts between now and when the Committee meets, whether as a result of remaining or further audit queries, other requests by or recommendations of the auditor, or for the correction of typographical errors, then these will be presented at the meeting alongside Appendix A.

## ACCOUNTS AND AUDIT REGULATIONS 2015

11. On conclusion of the audit, The Accounts and Audit Regulations 2015 specify the following requirements.
12. The responsible financial officer must reconfirm on behalf of the authority that they are satisfied that the statement of accounts presents a true and fair view of the financial position of the Authority at the year end, and the income and expenditure for the year before that authority approves it. Then the authority, in the following order, must:
  - a) consider, either by way of a committee or by the members meeting as a whole, the statement of accounts;
  - b) approve the statement of accounts by a resolution of that committee or meeting;
  - c) ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which that approval is given.
13. An authority then must, after approving the statement of accounts, but not later than 31<sup>st</sup> July or, if the audit of the statements has not been completed by that date, as soon as is reasonably practicable thereafter, publish (which must include publication on the authority's website):
  - a) the statement of accounts together with any certificate or opinion, entered by the local auditor;
  - b) the annual governance statement; and
  - c) the narrative statement.
14. Therefore, following consideration and approval by this Committee, the Chair should sign and date the Statement of Responsibilities within the Statement of Accounts, which should also be re-certified by the Chief Financial Officer.
15. Once approved the Statement of Accounts will be published on the South Ribble Borough Council web site at <https://www.southribble.gov.uk/statementofaccounts>.

## LETTER OF REPRESENTATION

16. The Letter of Representation at Appendix B is a letter issued by an auditor's client to the auditor in writing to be used as audit evidence. Audit evidence is the information used by the auditor in arriving at the conclusions on which the auditor's opinion is based. The date of the document must not be later than the date of audit work completion. It is used to let the client's management declare in writing that the financial statements and other presentations to the auditor are sufficient and appropriate and without omission of material facts to the financial statements, to the best of the management's knowledge. It is prepared in accordance with International Standard on Auditing (UK and Ireland) 580. For audit evidence, it is reliable if the auditor has no other means of obtaining evidence.
17. The Chair and the Acting Chief Finance Officer should sign the Letter of Representation attached at Appendix B so that it can be issued to the External Auditor to support the audit process and their audit opinion.

## RISK

18. Risk implications apply in relation to the Accounts and Audit Regulations 2015 to prepare financial statements in accordance with the statutory timetable. The accounts must be compliant with the relevant standards and must be prepared on a true and fair view basis. Failure to comply could result in a failure to meet the statutory duty.

## **EQUALITY AND DIVERSITY**

19. There are no implications for equality and diversity arising from this report.

## **AIR QUALITY IMPLICATIONS**

20. There are no implications for air quality arising from this report.

## **COMMENTS OF THE STATUTORY FINANCE OFFICER**

21. In compliance with the Accounts and Audit (England) Regulations 2015, the audited Statement of Accounts (SOAs) is attached and presented to Governance Committee for approval. I can confirm that there are no adjustments that have been made that impact on the outturn position of the Authority that was reported to Governance Committee in May 2019. The Narrative Report is included in the SOAs and this provides information on the authority, its main objectives and strategies and the principal risks that it faces. It also provides a commentary on how the authority has used its resources to achieve its desired outcomes in line with its strategic objectives and strategies.

## **COMMENTS OF THE MONITORING OFFICER**

22. This report is presented to comply with the Accounts and Audit Regulations (England) 2015 and various other Regulations and Statutory Codes of Practice. There are no legal implications beyond this.

## **BACKGROUND DOCUMENTS (or There are no background papers to this report)**

- Accounts and Audit (England) Regulations 2015
- Local Government Finance Act 1988, Section 114
- The Local Government and Housing Act 1989, Section 56(5)
- International Standard on Auditing (UK and Ireland) 580
- South Ribble Borough Council (unaudited) Statement of Accounts 2018/19 - Report to Governance Committee, 30<sup>th</sup> May 2019
- South Ribble Borough Council Budget Outturn Report 2018/19 - Report to Cabinet, 19<sup>th</sup> June 2019
- Grant Thornton Audit Findings Report - Report to Governance Committee, 22<sup>nd</sup> December 2020

## APPENDICES

- Appendix A Statement of Accounts for South Ribble Borough Council for year ended 31 March 2019 (for approval and signing).
- Appendix B Letter of Representation 2018/19 (for approval and signing).

James Thomson  
Deputy Chief Finance Officer and Section 151 Officer

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