

REPORT TO:	<b>AUDIT COMMITTEE</b>		
DATE:	25 January 2020		
TITLE:	<b>STATEMENT OF ACCOUNTS 2018/2019 AND REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260)</b>		
TYPE OF REPORT:	Recommendation		
PORTFOLIO(S):	Cllr B. Long		
REPORT AUTHOR:	Michelle Drewery		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

<b>PURPOSE OF REPORT/SUMMARY:</b>
<p>The report introduces the Statement of Accounts (SOA) 2018/2019</p> <p>The annual Statement of Accounts is the financial representation of every direct and indirect transaction that the council has been involved with during the 2018/19 financial year. The final accounts are set out in a format which includes the Council's balance sheet and associated notes.</p> <p>This report seeks approval of the Statement of Accounts for the 2018/19 financial year.</p> <p>The report also considers the Audit Results Report from the auditor on the audit for the accounts 2018/2019 – the International Auditing Standard (ISA 260).</p>
<b>RECOMMENDATIONS:</b>
<p>It is recommended that Audit Committee;</p> <ul style="list-style-type: none"> <li>i. Approve the Statement of Accounts for the year ended 31 March 2019.</li> <li>ii. Delegate authority to the Assistant Director Resources/Section 151 Officer, in consultation with the Chair and Vice Chair of the Audit Committee, to make any further amendments necessary to the Statement of Accounts 2018/19 prior to publication.</li> <li>iii. To note the content of the Audit Results Report produced by the Council's External Auditors, EY.</li> </ul>
<b>REASONS FOR RECOMMENDATIONS:</b>
<p>The Audit Committee must approve the Statement of Accounts for 2018/2019 and consider the comments from the auditor on the Audit Results Report (ISA 260).</p>

## **1. Introduction**

- 1.1 The report introduces the Statement of Accounts (SOA) for 2018/2019. The requirement is that this statutory document should be approved by the Council before 31 July 2019. The Statement has been subject to external audit by Ernst & Young (the Council's auditors for 2018/2019).
- 1.2 Although the Statement of Accounts is based on historical data, it is of extremely high importance to the council as the closing of the accounts is vital to the financial planning process as it confirms the availability of reserves and balances for future use.
- 1.2 Cabinet has already received reports on the outturn of the revenue and capital budgets for 2018/2019, at its meeting 18 June 2019. This report presents to members the formal set of accounts that are required for audit purposes. The format of the Statement of Accounts is subject to prescription under the International Financial Reporting Standards (IFRS) which is in accordance with the relevant Audit and Account Regulations.
- 1.3 The Audit Results Report from the auditor on the audit for the accounts 2018/2019 – the International Auditing Standard (ISA 260) – provides members with an overview of the findings of the audit.

## **2 Statement of Accounts 2018/2019**

- 2.1 The Audit Committee are required to formally approve the Statement of Accounts for 2018/2019 by 31 July 2019. However, the pre-audited draft financial statements were not published until 18 June 2019 due to clarification issues relating to King's Lynn Innovation Centre (KLIC) as well as other operational and resourcing matters. The consequence of this and the external auditor, EY's own resourcing pressures meant the audit could not be completed in time to meet the statutory deadline. In addition to this, the outbreak of Coronavirus has had a severe impact on progressing and finalising the audit work.
- 2.2 EY have now audited the document and have produced the Audit Results Report which is provided separately. Representatives from EY will attend the Audit Committee to present this item. The report sets out that subject to satisfactory completion of the outstanding items set out in the report, they expect to issue an opinion that the accounts give a true and fair view of the financial position of the Council as at 31 March 2019 and its income and expenditure for the year then ended.
- 2.3 EY are also required to provide an opinion on whether the Council have arrangements in place to secure economy, efficiency and effectiveness in the use of resources. EY have identified one area of weakness in relation to working with parties and other third parties. It is noted that with the exception of that matter in all other significant respects, proper arrangements were in place.
- 2.3 As the Council's designated S151 Officer, the Assistant Director Resources is responsible for the Statement of Accounts and expects to certify acceptance of the accounts once the outstanding items have been completed satisfactorily.

2.4 Associated with the final accounts the Council is required to sign off an Annual Governance Statement (AGS) which is separately listed on the agenda.

**3. Issues for the Panel to Consider**

1. Considers the comments and recommendations of the auditor in the Audit Results Report
2. Approve the Statement of Accounts for 2018/2019
3. Delegate authority to the Assistant Director Resources/Section 151 Officer, in consultation with the Chair and Vice Chair of the Audit Committee, to make any further amendments necessary to the Statement of Accounts 2018/19 prior to publication.
4. The Chairmen to sign the Statement of Accounts and the Letter of Representation on behalf of the Borough Council of King's Lynn and West Norfolk once any necessary amendments are completed.

**4. Financial Implications**

The financial implications are set out in the report.

**5. Any other Implications/Risks**

There is a reputational risk that failure to approve the Statement of Accounts by the statutory deadline represents a breach of Accounts and Audit Regulations and could attract adverse criticism. However, it is noted that numerous other councils have also missed the statutory deadline.

**6. Equal Opportunity Considerations**

None

**7. Background Papers**

Council agenda/minutes, Financial Plan 2018/2023, Monitoring Reports 2018/2019