

COUNCIL

25 July 2019

Report of the Head of Resources

STATEMENT OF ACCOUNTS 2018/19

SUMMARY

This report provides interpretation of the Statement of Accounts for 2018/19 and highlights the key issues. The report also requests approval of the Statement of Accounts for 2018/19.

RECOMMENDATION

That the Statement of Accounts for 2018/19 is approved

WARDS AFFECTED

All.

See also the separate
Draft Statement of Accounts 2018/19
distributed with this report

STRATEGIC LINK

The Council's financial position is taken into account in determining all the priorities in the Corporate Plan.

1. BACKGROUND

Under the Accounts and Audit Regulations 2015 the District Council must:-

- consider either by way of a Committee or by the Members meeting as a whole the Statement of Accounts;
- following that consideration, approve the Statement of Accounts by a resolution of that Committee or meeting;
- following approval, ensure that the Statement of Accounts is signed and dated by the person presiding at the Committee or meeting at which that approval was given; and
- publish (which must include publication on the Council's website), the Statement of Accounts together with any certificate, opinion, or report issued, given or made by the auditor.

2. REPORT

2.1 The Statement of Accounts 2018/19, distributed with this report, has been audited by the Council's External Auditors, Mazars LLP. The external auditor has also reviewed the Annual Governance Statement for 2018/19.

Some minor changes have been made to the Statement of Accounts in order to address issues identified during the audit. The overall financial position remains the same as that reported to Council on 30 May 2019.

2.2 The Audit Opinion will be issued after the Council has approved the Statement of Accounts and Letter of Representation. As part of corporate governance, the External Auditor is required to report relevant matters relating to the audit to Council (or a relevant committee). As there is a statutory deadline of 31 July for the approval of the 2018/19 financial statements and the audit has only recently been concluded, this report is presented to full Council, rather than the Governance and Resources Committee, as was customary. The External Audit ISA260 Report 2018/19 from Mazars is included elsewhere on the Agenda of this meeting.

2.3 The Accounts and Audit Regulations state that the accounts must be prepared in accordance with “proper practices”. The Local Government Act 2003 defines proper practices as those:

- Which the authority is required to follow by virtue of any enactment, or
- Which are contained in a code of practice or other document which is identified by the Secretary of State. The Secretary of State has determined that the following document is relevant:
 - The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA);

2.4 The Council’s accounts have been prepared to comply with proper practices, as demonstrated by the satisfactory completion of the external audit of the accounts. Compliance can also be checked by reviewing the Statement of Accounts against the Audit Commission’s Aide Memoire, which is included as Appendix 1 to this report.

3 RISK ASSESSMENT

3.1 Legal

Legal considerations are contained within the body of the report. The legal risk is low.

3.2 Financial

The accounts have been prepared in accordance with proper practices, and have been audited. There is therefore no financial risk arising from this report.

4 OTHER CONSIDERATIONS

In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

5. CONTACT INFORMATION

For further information contact:

Karen Henriksen, Head of Resources

Telephone: 01629 761284

E-mail: karen.henriksen@derbyshiredales.gov.uk

Mark Nash, Financial Services Manager

Telephone: [01629 761214](tel:01629761214)

E-mail: mark.nash@derbyshiredales.gov.uk

6. BACKGROUND PAPERS

None

7. ATTACHMENTS

Appendix 1 – Statement of Accounts 2018/19 – Aide Memoire for Members

Appendix 2 - Statement of Accounts 2018/19 – Published separately

STATEMENT OF ACCOUNTS 2018/19 - AIDE MEMOIRE FOR MEMBERS

The purpose of the questions below is to help establish and provide evidence of a robust review of the accounts by the S151 officer and Members.

No.	Issue	Members comment and evidence
1	Was the closedown plan (which allows the statement of accounts to be approved by 31 July 2018) achieved?	The accounts were signed by the S151 Officer on 16th July and sent to Members prior to the Council meeting on 25th July.
2	Have the auditors received regular updates on the plan and been warned of potential problems?	<p>The auditors received a copy of the plan in March.</p> <p>During the closure process discussions have been held with the auditors regarding various areas of accounting.</p> <p>The auditors were given a copy of the completed disclosure checklist, copies of working papers and draft accounts at the commencement of the audit – the disclosure checklist helps them to identify potential problem areas.</p>
3	Have staff preparing the accounts attended CIPFA/Mazars workshops and are they aware of the key issues and changes in the CIPFA Code of Practice 2018/19?	<p>Yes.</p> <p>The Financial Services Manager, Principal Accountant and Senior Accountant attended the CIPFA Final Accounts Workshop.</p>
4	Do staff preparing the accounts have up to date CIPFA guidance notes for practitioners?	Yes
5	Have the accounts been checked for casting errors, internal inconsistency and cross referencing? (All numbers which are expected to agree do agree).	Yes. Extensive use of Excel is incorporated into the document to reduce the risk of casting errors and to check internal consistency. Internal consistency and cross referencing is also checked thoroughly by senior accounting staff.
6	<p>Does the narrative statement set out the results for the year and comparison to budget, commenting on the significant items?</p> <p>Do the figures quoted reconcile to the main statements?</p>	<p>Yes – see pages 1 to 8 of the Statement of Accounts.</p> <p>Yes.</p>

No.	Issue	Members comment and evidence
7	Has the audit of the accounts been	A notice of public rights was placed on the

	<p>advertised and accounts made available for public inspection?</p> <p>Have members of the public raised any objections? (If so, what are they?)</p>	<p>Council's website and the accounts were available for public inspection from 3rd June to 12th July.</p> <p>No objections were received.</p>
8	<p>Has a bank reconciliation been completed as at 31st March 2019 with no unexplained entries?</p>	<p>Yes. The bank reconciliation for the year ending 31st March 2019 was completed. There were no unexplained entries.</p>
9	<p>Have all year-end control accounts been reconciled?</p> <p>How have you maintained control when staff are involved in budget preparations Nov – Feb time?</p> <p>Any significant slippages in reconciling suspense accounts e.g. cash suspense?</p>	<p>Yes.</p> <p>There were sufficient numbers of adequately training staff in the Financial Services Section (see risk register).</p> <p>No. The cash suspense account is checked daily.</p>
10	<p>Are there any significant unexplained budget variances?</p>	<p>There are no unexplained variances.</p>
11	<p>Have working papers been completed in accordance with the auditor's "Prepared By Client" list? Were they ready for the start of the audit?</p>	<p>Working papers were completed in accordance with the auditor's "Prepared By Client" list, as well as a working paper for each note to the accounts. They were ready for the start of the audit.</p>
12	<p>Is there a sufficient basket of evidence gathered to allow the S151 officer and members to conclude on the effectiveness of Internal Audit, in relation to the Annual Governance Statement? E.g. Self-assessment by Internal Audit Manager, External Auditor's view of Internal Audit, Heads of Service view of Internal Audit.</p>	<p>The Annual Governance Statement (AGS) for 2018/19, which identifies the Governance Framework and includes a review of its effectiveness, was approved by the Council on 30 May 2019.</p> <p>The Internal Audit Annual Report for 2018/19 was considered at a meeting of the Governance and Resources Committee on 11 July 2019. This report includes an opinion on the overall adequacy and effectiveness of the Council's control environment including any qualifications to that opinion;</p> <p>The Internal Audit section is subject to regular inspection by the Council's external auditors, who place reliance on the work undertaken by the section.</p>

No.	Issue	Members comment and evidence
14	<p>Has the action plan from the previous year's Annual Governance Statement been complied with? Are there any</p>	<p>Progress on the action plan for the 2017/18 Annual Governance Statement is shown in the 2018/19 Statement, on page</p>

	<p>remaining control risks that undermine the content of the Annual Governance Statement or the Accounts?</p>	<p>29 of the Statement of Accounts. There were three recommendations relating to:</p> <ul style="list-style-type: none">• Financial pressures and achieving a sustainable budget;• Arrangements for safeguarding;• Arrangements for procurement. <p>A balanced budget has been set and the Council maintains appropriate reserves. However financial pressure remain an ongoing issue.</p> <p>Training on safeguarding has been provided to taxi drivers and employees; workshops have been arranged for members following the May 2019 elections.</p> <p>Contract Standing Orders have been updated including revised procurement requirements, thresholds, evaluation criteria and processes. Training on the new contract standing orders has been delivered to relevant employees.</p>
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