

EAST HERTS COUNCIL

PERFORMANCE, AUDIT AND GOVERNANCE OVERSIGHT COMMITTEE
- 31 JULY 2019

STATEMENT OF ACCOUNTS 2018/19

REPORT BY THE HEAD OF STRATEGIC FINANCE & PROPERTY

WARD (S) AFFECTED: All

Purpose/Summary of Report:

- To update members on the timing of the audit of the 2018/19 Statement of Accounts
- The accounts provide details of the overall financial position in the Balance Sheet, details of the revenue activities for the General Fund and the Collection Fund.

RECOMMENDATIONS FOR PERFORMANCE, AUDIT AND GOVERNANCE OVERSIGHT COMMITTEE: That

(A)	Authority be delegated to the Chairman of Performance, Audit and Governance Oversight Committee to approve and authorise the signing the Council's Statement of Accounts for the financial year 2018/19 following the conclusion of the external audit;
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(B)	Authority be delegated to the Chairman of the Performance, Audit and Governance Oversight Committee and the Head of Strategic Finance and Property to authorise and sign the letter of representation.
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1 BACKGROUND

- 1.1 Under the Accounts and Audit Regulations 2015, Regulation 10, the Council must no later than 31st July publish the statement of accounts together with any certificate or opinion, entered by the local auditor. Where the audit of accounts has not been concluded the Council must publish a notice stating that it has not been able to publish the statement of accounts and its reasons for this.
- 1.2 In accordance with the new requirements of the regulations the Head of Strategic Finance and Property approved the draft Statement of Accounts by 31 May 2019.
- 1.3 The regulations require that:
 - The Performance, Audit and Governance Oversight Committee consider and approve the audited statement of accounts by 31 July 2019 and the accounts are signed by the committee chair.
 - The Council publishes the accounts by 31 July 2019.
 - Audited bodies conduct a review at least once a year of the effectiveness of its system of internal control and publish an annual governance statement each year with the authority's financial statements.
- 1.4 At the 21 May 2019 Committee meeting Ernst Young (EY) advised that due to staffing issues the timing of the audit would be changed to late July. Subsequently EY have advised that the resourcing situation has not improved and has been further impacted by unexpected issues arising at larger audits. The timing of the onsite audit at East Herts has been impacted by these issues and will therefore not be completed by 31 July 2019.
- 1.5 EY are still unable to give East Herts a definitive date for the completion of the audit, but it is not likely to be until the end of September.

- 1.6 Due to these delays, approval and authorisation of Council's Statement of Accounts for the financial year 2018/19 will not be able to take place until Tuesday 19th November 2019.

2 REPORT

- 2.1 The Statement of Accounts can be found on the Council's website: <https://www.eastherts.gov.uk/article/35599/Statement-of-Accounts--Annual-Audit>.
- 2.2 In line with the Audit and Accounting regulations 2015 these contain a notice stating that the accounts are still in draft format due to the delays in completing the audit due to EY resourcing pressures.
- 2.3 The Council's Annual Governance Statement is submitted for consideration and approval as part of this agenda. This has been included in the Council's published accounts as a review of the effectiveness of its system of internal control.
- 2.4 As part of the governance arrangements for the audit of the Council's accounts a "letter of representation" is provided to the External Auditor confirming that appropriate arrangements are in place. The Audit and Governance Committee is required to approve the letter which will then be signed by the Chairman and Head of Strategic Finance and Property. This will be available once the audit is complete.
- 2.5 The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting 2017/18 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 2.6 The presentation of the Statement of Accounts is determined by the CIPFA Code of Practice which is based on International Financial Reporting Standards (IFRS).

3 IMPLICATIONS/CONSULTATIONS

- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper A**.

Background Papers:

2018/19 Statement of Account -

<https://www.eastherts.gov.uk/article/35599/Statement-of-Accounts--Annual-Audit>

External Audit update on timing of the audit report – 21 May

2019 PAG meeting

<http://democracy.eastherts.gov.uk/documents/s48597/External%20Audit%20Update%20on%20timing%20of%20the%20Audit.pdf?J=8>

Regulation 10, paragraph (2a) Accounts and Audit

Regulations 2015

<http://www.legislation.gov.uk/ukxi/2015/234/regulation/10/made>

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