

EAST HERTS COUNCIL

PERFORMANCE, AUDIT AND GOVERNANCE OVERSIGHT COMMITTEE  
19 NOVEMBER 2019

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STATEMENT OF ACCOUNTS 2018/19

REPORT BY THE EXECUTIVE MEMBER FOR FINANCE AND SUPPORT  
SERVICES

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WARD (S) AFFECTED: All

Purpose/Summary of Report:

- The report sets out the background to the 2018/19 Statement of Accounts for Members to consider and approve.
- 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.
- The External Auditors Audit Results Report is also shown within the Essential References Papers and will be presented to the committee by Ernst & Young LLP (EY).

**RECOMMENDATIONS FOR PERFORMANCE, AUDIT AND GOVERNANCE OVERSIGHT COMMITTEE:**

<b>(A)</b>	<b>that the Council's Statement of Accounts for the financial year 2018/19 be approved and authorise the signing thereof by the Chairman of the Performance, Audit and Governance Oversight Committee at the conclusion of the meeting;</b>
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<b>(B)</b>	<b>that the letter of representation be approved for</b>
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	<b>signing by the Chairman of the Performance, Audit and Governance Oversight Committee and the Head of Strategic Finance and Property at the conclusion of the meeting;</b>
<b>(C)</b>	<b>that the External Auditors Audit Results Report (ISA 260 report) be approved.</b>

## **1 BACKGROUND**

- 1.1 The arrangements for keeping and publishing the Council's accounts are set out in the Accounts and Audit Regulations 2015. Under these regulations the Head of Strategic Finance and Property is responsible for determining the Council's accounting system, form of accounts and supporting accounting records.
- 1.2 Under the Local Government and Housing Act 1989 the preparation of the accounts must follow proper practices, which includes preparing accounts in accordance with the Code of Practice on Local Authority Accounting in Great Britain.
- 1.3 In accordance with the new requirements of the regulations the Head of Strategic Finance and Property approved the draft Statement of Accounts by 31<sup>st</sup> May 2019.
- 1.4 The regulations require that:
- The Audit and Governance Committee considers and approves 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.
- 1.5 It should be noted that the external audit of the draft statement of

accounts for the year ended 31st March 2019 were not completed by the statutory deadline. This was due to resourcing pressures within EY.

- 1.6 It should be also noted that this situation is allowed for by Regulation 10, paragraph (2a) of the Accounts and Audit Regulations 2015. This paragraph allows the council to publish its draft statement of accounts with a note stating that the deadline has been missed and its reasons for it.
- 1.7 In line with the Council's constitution this committee, as the relevant body, now has the benefit of receiving the External Auditor's report on the accounts prior to Member approval.
- 1.8 The Council's Annual Governance Statement for 2018/19 which forms part of the Statement of Accounts as a review of the effectiveness of its system of internal control has already been considered at the committee on 31<sup>st</sup> July 2019.
- 1.9 EY report to those charged with governance (ISA 260) will be presented to this Committee as part of this item on the agenda.

## **2 REPORT**

- 2.1 The Statement of Accounts can be found on the Councils website:  
<https://www.eastherts.gov.uk/about-east-herts-0/statement-accounts-budgets-annual-audit>
- 2.2 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. A copy of the letter is included at **Essential Reference Paper B**.
- 2.3 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).

- 2.4 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/about-east-herts-0/statement-accounts-budgets-annual-audit>

**Essential Reference Paper B** shows the “letter of representation” from the Council to the External Auditor.

**Essential Reference Paper C** shows the Audit Results Report (ISA 260 report) from the External Auditor.

Contact Member: Councillor Geoff Williamson  
Executive Member for Finance and Support Services  
[geoffrey.williamson@eastherts.gov.uk](mailto:geoffrey.williamson@eastherts.gov.uk)

Contact Officer: Isabel Brittain  
Head of Strategic Finance & Property  
Extension: 2050 [isabel.brittain@eastherts.gov.uk](mailto:isabel.brittain@eastherts.gov.uk)

Report Author: Robert Winterton  
Financial Services Manager  
Extension: 1651 [robert.winterton@eastherts.gov.uk](mailto:robert.winterton@eastherts.gov.uk)