

Audit Committee – 23 September 2019

Post – Audit Statement of Accounts 2018/19 Amendments

Summary of report

This report is for information to Audit Committee Members and outlines amendments made to the 2018/19 Statement of Accounts prior to publication following Grant Thornton and the Council finalising their work for the audit process. Approval for these amendments was sought from the Chair of Audit Committee and Committee members were advised prior to publication. The changes had no impact on the council's reserves, assets and liabilities or net expenditure within the year.

Recommendations

Audit Committee are requested to:

1. To note the changes made to the Statement of Accounts prior to publication following Audit Committees approval at the 22 July 2019 Committee meeting.



James Walsh
S151 Officer (Executive Director, Resources and Transformation)
11 September 2019

Governance

Councils must produce annual accounts and an Annual Governance Statement (AGS) in line with the Accounts and Audit (England) Regulations 2015. In addition, the act requires that the S151 Officer and Chair of Audit Committee make accurate representations to their auditor in respect of the fair presentation of the accounts.

Resource and Legal Considerations

At Audit Committee on Monday 22 July Grant Thornton presented their Audit Findings Report (AFR) which set out that whilst the audit was substantially completed there were a small number of areas of work currently ongoing but that Grant Thornton expected to issue an unqualified audit opinion.

Subsequent to the Committee meeting Grant Thornton identified a disclosure amendment to one of the notes to the accounts – please see **Appendix 1** which sets out the Expenditure and Funding Analysis (EFA) note and the Note to the EFA. The figures that were amended are highlighted in green.

On the main EFA note (page 50 of the Statement of Accounts) two figures were changed:

1. The outturn figure for Resources and Transformation had changed by £0.500m between the draft Cabinet report figures originally given and the final report which went to Cabinet in mid June. This is a timing issue of the draft statement of accounts having been issued prior to the Cabinet report being finalised.
2. Additionally the budget which is equivalent to the council tax precept for the year had been included within the reconciliation column between the outturn and general fund figures instead of being split between the outturn column and reconciliation column. The result of this was that the net cost for providing the services (i.e. surplus deficit in year) was not being shown whilst this was shown for last years figures. This totals £114.990m.

The bottom line effect of this on the EFA note is to correct the outturn reported to show the surplus in year by realigning where the budget (council tax precept) is shown within the two columns related to the cabinet report.

On the note to the EFA (page 51 of the Statement of Accounts) the following adjustments needed to be made:

1. The reserves column for Resources and Transformation to change by £0.500m to take into account the draft cabinet figure change which relates to carry forwards.
2. Other changes column for Central needs to change by £10.202m to take into account the pension audit change notified to Committee on Monday 22 July 2019.
3. Reserves column for Other income and expenditure needs to change by £9.705m to take into account the £10.202m statutory reversal of the pension audit change and the £0.500m change on resources and transformation

The bottom line effect of these changes on the bottom of the note to the EFA are nil as it is a realignment of figures within the note.

All these changes have no effect on the information contained within/visible within the Statement of Accounts and only relate directly to those figures from the Cabinet report.

The note is not a core statement but a supporting note and would not alter the readers view of the councils financial position, there is no change to the level of the council's reserves, assets and liabilities or net expenditure within the year. The amendments are as a result of altering this disclosure note for the 2018/19 Statement of Accounts and unfortunately cross checks to other notes were not fully complete in this instance. Finance officers have already updated the working papers to ensure this note is cross checked for future financial statements, and Grant Thornton remain confident in their opinion of the accounts.

Officers sought approval from the Chair of Audit Committee to amend this disclosure note prior to publication of the Statement of Accounts to ensure that this table cross referenced to the main EFA. Officer did not request that the Chair re-approve the Statement of Accounts.

To minimise the risk of future occurrences the council will put in place the following:

- Review the timetable to provide additional corporate contingency to review the final statements and specifically, fixed assets.

- Undertake an end to end process review of how we train accountants, account for and collate information on capital to streamline our processes, spreadsheets etc.
- Undertake a further in year review of each note in the accounts back to the Code of Practice and accounting standards.
- Work with External Audit to ensure that the final audit review is as far as practicable, finalised prior to the Audit Committee date.

As requested by Audit Committee at its meeting on 22 July 2019 the council also amended the Annual Governance Statement (AGS) as follows: (Please see **Appendix 2**).

- A firm statement is now included within the document, on the last page, stating that there are no significant governance issues to report.
- The AGS referred to the effectiveness review report and the Opinion of Internal Audit, it did not explicitly state the opinion was “substantial”, therefore this has been updated as per the Audit Committee request.

Performance management and risk management issues

The 2018/19 outturn provides a sound, stable financial foundation to affect service delivery and continue to drive service improvement. As part of the council’s performance management system, managers are set many targets, one of which is to deliver their service targets within the cash limited budget. This has been demonstrated overall in 2018/19, although some services did overspend, with corrective being taken as appropriate.

Equality implications

Improving ease of understanding of the accounts is intended to make the annual statement of accounts more readily accessible to the general public. The accounts will be available on request in different formats, for example, hard copy, soft copy via the web site, Braille and in different languages.

Consultation

The amendments were made in consultation with our external auditors, legal services and the Chair of Audit Committee.

Background Papers

Various financial working papers, statutory and other guidance.

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