

South Lakeland District Council
Audit Committee
Thursday, 25 July 2019
Statement of Accounts and Annual Governance
Statement 2018-19

Portfolio: Not applicable
Report from: Helen Smith – Finance Lead Specialist (Section 151 Officer)
Report Author: Peter Hunt – Interim Chief Accountant,
Helen Smith - Finance Lead Specialist (Section 151 Officer)
Wards: All wards
Forward Plan: Not applicable

1.0 Expected Outcome

1.1 It is expected that a Statement of Accounts, subject to final audit opinion, will be approved by the 31st July 2019. In accordance with statutory requirements, publication will be as soon as reasonably practical after receiving the audit opinion.

2.0 Recommendation

2.1 It is recommended that Audit Committee

- (1) approve the Statement of Accounts;**
- (2) approve the letter of representation;**
- (3) authorise the Chair of the Audit Committee to sign the letter of representation and the Statement of Accounts on behalf of the committee;**
- (4) authorise the Chairman to re-sign the Statement of Accounts in the event of further amendments following the final audit findings report;**
- (4) note the Annual Governance Statement action plan.**

3.0 Background and Proposals

- 3.1 The unaudited Statement of Accounts for 2018/19 was approved by the Finance Lead Specialist (Section 151 Officer) on 30 May 2019. The accounts were subject to public inspection (from 1 June 2019) where the general public could raise objections, questions and comments with the External Auditor. The Accounts and Audit Regulations 2015 require that the 2018/19 accounts should be considered and approved by members and published no later than the 31 July 2019, or as soon as reasonably practicable after the receipt of the auditor's final report (if later than 31 July).
- 3.2 The audit process is currently being finalised and has identified no material errors to date in the statements. There is, however one major issue affecting all Local Authorities concerning a possible future pension liability that is currently identified as

a contingent liability, but which may need to be reflected in the financial statements themselves. A meeting between the external audit team and finance officers will take place on 18 July 2019 and the revised statement of accounts, including any amendments agreed, will be prepared and it is expected that they will be ready for distribution by Monday 22 July 2019. However it is possible that the Audit Findings Report will not be ready for the meeting but will be available prior to 31 July 2019, in time for compliance with a 31 July publishing deadline. It is not anticipated that the Statement and final Audit Findings Report will differ but to ensure that there is consistency it would be advisable for the Chairman to have delegated approval to re-sign the Statement of Accounts if changes are required by the Audit Report.

- 3.3 A small number of non-trivial disclosure changes are required and these will be included within the revised statements which will be distributed. These amendments will be detailed in the Audit Findings Report. In addition the Accounting Policies that were approved by Audit Committee on 5 December 2018 have been amended for very minor wording changes that aid understanding and consistency and are included in Section D of the audited Statement that will be distributed as **Appendix 1**.
- 3.4 As part of the audit of the Accounts the Council are required to issue a letter of Representation to the External Auditor. The letter will be distributed as **Appendix 2**. This forms part of the overall assurance required by the external auditor in providing their opinion. This needs to be approved and signed by the Section 151 Officer and the Chairman of the Audit Committee.
- 3.6 Published alongside the Statement of Accounts is the Annual Governance Statement (AGS). This will be distributed within the Statement of Accounts (**Appendix 1**). This will reflect the Audit Findings Report and the confirmation of the 'reasonable assurance' Internal Audit opinion for 2018/19 which was reported as an interim at Audit Committee 9 April 2019 and is confirmed on this agenda. The AGS will be re-signed by the Chief Executive and the Leader of the Council. A copy of the AGS action plan will be circulated as **Appendix 3**. Implementation of the actions will be monitored through the Audit Committee throughout 2018/19.
- 3.7 A training session will be provided before the meeting to cover the requirement for accounts and the key elements of the accounts and the financial statements.

4.0 Consultation

- 4.1 The unaudited statements were published on the Council's website on 30 May 2019. They were also open to scrutiny and comment by members of the public from 1 June 2019 to 12 July 2019 in line with the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015.

5.0 Alternative Options

- 5.1 The report does not present any alternative options; there is a statutory deadline of 31 July 2019 for publication of the 2018/19 Statement of Accounts or as soon as reasonably practical after the receipt of the Audit Opinion.

6.0 Links to Council Priorities

- 6.1 The Statement of Accounts is one of the key corporate documents produced by the Council to demonstrate its financial position and performance. This underpins all Council priorities.

7.0 Implications

Financial, Resources and Procurement

- 7.1 It is anticipated that no material audit adjustments will be proposed to the Council's reported financial position as set out in the Statement of Accounts.

Human Resources

- 7.2 There are no human resources implications of this report.

Legal

- 7.3 There are no legal implications of this report.

Health, Social, Economic and Environmental

- 7.4 Have you completed a Health, Social, Economic and Environmental Impact Assessment? / No
- 7.5 If you have not completed an Impact Assessment, please explain your reasons:
This report relates to 2018/19 statement of accounts and has no direct health, social, economic or environmental impacts.

Equality and Diversity

- 7.6 Have you completed an Equality Impact Analysis? / No
- 7.7 If you have not completed an Impact Assessment, please explain your reasons:
This report relates to 2018/19 statement of accounts and has no direct equality or diversity impacts.

Risk

Risk	Consequence	Controls required
The risk is that the accounts are not authorised, audited and published by the statutory deadline.	The Council's reputation for good financial governance may be diminished.	External audit of accounts within statutory deadlines to provide Audit Committee with assurance that the accounts represent a true and fair view.

Contact Officers

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Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Audited Statement of Accounts and AGS 2018/19 (to follow)
2	Letter of representation 2018/19 (to follow)
3	Annual Governance Statement Action Plan (to follow)

Background Documents Available

Name of Background document	Where it is available
Unaudited Statement of Accounts 2018/19	https://tinyurl.com/y56kswxu

Tracking Information

Signed off by	Date sent
Legal Services	10/07/19
Section 151 Officer	10/07/19
Monitoring Officer	10/07/19
SMT	N/A

Circulated to	Date sent
Assistant Director	N/A
Human Resources Manager	N/A
Communications Team	N/A
Leader	N/A
Committee Chairman	N/A
Portfolio Holder	N/A
Ward Councillor(s)	N/A
Committee	25/7/19
Executive (Cabinet)	N/A
Council	N/A