

Report of the Deputy Chief Executive

AUDIT OF ACCOUNTS 2018/19 AND ASSOCIATED MATTERS1. Purpose of report

To approve the letter of representation and the Statement of Accounts for the 2018/19 financial year and to receive the Audit Completion Report for the year ending 31 March 2019 from the Council's external auditors (Mazars) following their work on the 2018/19 accounts.

2. Background

The Governance, Audit and Standards Committee on 11 March 2019 received Mazars' Audit Strategy Memorandum – Year ending 31 March 2019 setting out their approach to their audit of the Council's 2018/19 accounts, highlighting significant audit risks and areas of key judgements.

Mazars have now concluded their work on the 2018/19 accounts and produced their Audit Completion Report. A brief summary is set out in the appendix but key points to note are that, with one exception applicable to all local authorities, no material errors or uncertainties in the 2018/19 accounts were identified and no issues identified in respect of the internal controls in place relevant to the preparation of the financial statements. In addition, the Council will receive an unqualified Value for Money conclusion for the 2018/19 financial year.

The completed audited Statement of Accounts for 2018/19 has been finalised in consultation with Mazars and is attached to this agenda. Officers will guide members through the more important aspects of the document at the meeting.

In accordance with regulations, the Council's letter of representation in respect of the 2018/19 accounts has to be approved by the Committee charged with governance. The draft letter along with the Audit Completion Report for the year ending 31 March 2019 is circulated separately with this agenda.

A representative from Mazars will be present at the meeting to introduce their Audit Completion Report and answer any questions that members may have.

Recommendation

The Committee is asked to RECEIVE the Audit Completion Report for the year ending 31 March 2019 and RESOLVE that the Statement of Accounts 2018/19 as circulated and the letter of representation as attached be approved.

Background papers

Nil

APPENDIXAudit of Accounts 2018/19 and Associated Matters

The Accounts and Audit Regulations (2015) required the Council to complete its draft Statement of Accounts 2018/19 for submission to the external auditors and publication on the Council's website by 31 May 2019. This requirement was met in full.

Mazars' staff came to Broxtowe on 17 June 2019 for a three week period to review the Council's 2018/19 accounts. This involved scrutinising working papers and other supporting documentation and liaising as necessary with Council staff and associated third parties.

Mazars' work focused upon a number of significant risks including:

- Management override of controls
- Valuation of property, plant and equipment and assets held for sale
- Valuation of net defined pension liability
- Debt impairment
- Provision for business rate appeals against the rating list
- Minimum revenue provision
- Opening balances

Sections 2 and 5 of the Audit Completion Report detail the findings from Mazars' work and their conclusion on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

No material errors or uncertainties in the 2018/19 accounts were identified. The only exception concerned the Council's defined benefit pension liability where two on-going legal cases affecting all local authorities required the accounts to be updated with figures from a revised valuation report from the actuary. Any misstatements identified were adjusted accordingly.

Mazars considered the internal controls in place relevant to the preparation of the financial statements and have not identified any issues. Mazars have also confirmed that they intend to issue an unqualified Value for Money conclusion for the 2018/19 financial year.

The Finance and Resources Committee on 11 July 2019 considered a report summarising capital and revenue spending in 2018/19 and some detail as to the more significant factors which accounted for any variances. The net spending totals on capital and revenue for both the General Fund and Housing Revenue Account have remained unchanged from those summarised at that meeting.

Within the Statement of Accounts 2018/19 is the Annual Governance Statement as presented to the last meeting of this committee on 20 May 2019. No significant changes have been made to the Annual Governance Statement from that presented to the last meeting.