



Report to: Audit & Governance Committee Meeting 23
November 2022

Director or Business Manager Lead: Sanjiv Kohli Deputy Chief Executive / Director –
Resources - Section 151 Officer

Lead Officer: Nick Wilson, Business Manager Financial Services on
ext 5317

Report Summary	
Report Title	Approval of the Statement of Accounts
Purpose of Report	To obtain approval of the Council’s Statutory Accounts for the financial year ended 31 March 2022.
Recommendations	<p>Members approve the Annual Governance Statement for the financial year ended 31 March 2022</p> <p>Members approve the draft audited Statement of Accounts for the financial year ended 31 March 2022</p> <p>Members give delegation to the Deputy Chief Executive/Director of Resources - S151 Officer and the Chairman to sign a revised set of accounts if required as per paragraph 3.4</p> <p>Members give delegation for the Deputy Chief Executive/Director of Resources - S151 Officer and the Chairman to sign the Management Letter of Representation as per paragraph 3.6</p> <p>Members give delegation to the Leader of the Council and the Chief Executive to sign the Annual Governance Statement as per paragraph 3.9</p>
Reason for Recommendation	To ensure that the Committee discharges its responsibilities as per its delegated authority within the Councils constitution.

1.0 Background Information

1.1 In accordance with the Accounts and Audit Regulations 2015 there is a legal requirement that the Statement of Accounts for the Council receive approval by an appropriate Committee by

the 31 July following the end of the financial year to which the Accounts relate. However due to disruption caused by the COVID 19 virus, legislation (Amended by 2021/263 & 2022/708) was passed to change the statutory publication date to 30 November relating to the financial year beginning with 2021 and future financial years changed to 30 September. In accordance with the Council's Constitution and the remit of this Committee, the Statement of Accounts is brought to this Committee for approval.

- 1.2 The contents of the accounts are largely determined by statutory requirements and mandatory professional standards as set out within the 'Code of Practice on Local Authority Accounting' and 'Standard of Professional Practice on Financial Reporting' published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The CIPFA Code of Practice is based on International Financial Reporting Standards (IFRS).

2.0 Approval of the Accounts

- 2.1 Although the regulations require the accounts to be approved by a resolution of a Committee it should be noted that approval in this context has, to some extent, a different meaning from other Committee resolutions. The Responsible Financial Officer (RFO) for the District Council, the Deputy Chief Executive/Director of Resources – S151 Officer, retains responsibility for the preparation of the annual accounts and is required to certify that they present a true and fair view of the financial position of the Council at 31 March 2022.
- 2.2 The aim of the Regulations is for Members to demonstrate ownership of the accounting statements. In order to assist Members in doing this a training session for members of the Committee on the Unaudited Statement of Accounts and Annual Governance Statement was completed on 27 June 2022 together with the draft document being presented at the Committee on the 27 July 2022.
- 2.3 There is a statutory requirement for the accounts of Arkwood Developments Ltd and Active4Today Ltd, the Council's two subsidiary companies, to be combined with the District Council's accounts to produce Group accounts which also have to be approved by the 30 September. Also, as per the previous financial year the Council has been required to include its 50% ownership in the group accounts of the joint venture in the company RHH Newark Ltd.

3.0 Audit of the Accounts

- 3.1 The Council's external auditors, Mazars, commenced the audit of the accounts in September 2022. During the audit, the auditors, whilst reviewing the capital section of the Councils' Balance Sheet, identified that a number of the Councils' assets were being held at the incorrect value. This has meant a further review of the Councils' in-year valuation process to ensure the accuracy of the asset register. At the time of writing the report all the current identified misstatements (identified via either external audit or by management review) have been amended within the draft set of accounts – attached at the supplemental agenda paper. The External Auditors will give an update on the audit as a whole and also on their review of the revised capital section at the Committee meeting.
- 3.2 One area still to be completed, that is out of the Councils control, is the testing of the Pensions valuations that are held on our behalf with the Nottinghamshire Pension Fund. The Council's External Auditors require the Pension Funds external auditors (Grant Thornton) to produce an assurance letter, which Mazars will then scrutinise and test in order to gain the assurance they need. At the time of writing this report, the assurance letter had just been received by Mazars, hence the testing had yet to be conducted. As the net pension liability figure within the Councils accounts is £95.246m, this represents a significant amount on the

Council's Balance Sheet which therefore requires the assurance from the external suppliers of the figure.

- 3.3 As all of the anticipated changes to the accounts based on the audit review have been completed, it is proposed that the draft audited Statement of Accounts be approved by this Committee.
- 3.4 In the event that the accounts are required to be amended further, due to any changes required by the auditors, after the approval given within this report, this report recommends that delegation be given to the Deputy Chief Executive/Director of Resources - S151 Officer and the Chairman of this committee to be able to approve any amendment.
- 3.5 There is a requirement that the external auditor, Mazars, provides details of all of the corrections in the financial statements that need amendment. Their full Audit Completion Report will be brought to the next meeting of this Committee post the completion of the audit.

Management Letter of Representation

- 3.6 Attached at appendix A is the Management Letter of Representation which provides certain assurances about the completeness and accuracy of the financial statements. This must be signed by the person with responsibility for the financial statements and the Chairman of an appropriate Committee of the Council – in Newark and Sherwood's case – the Audit and Governance Committee.
- 3.7 This document must be signed on or near the date that the auditors sign the audit opinion on the financial statements and therefore delegation will need to be given to the Deputy Chief Executive/Director of Resources - S151 Officer and the Chairman of this Committee to sign this.

Annual Governance Statement

- 3.8 The Council is responsible for ensuring that its business is conducted in accordance with the law and with proper standards; that public money is safeguarded and properly accounted for; and that it is used economically, efficiently and effectively. In accordance with the Accounts and Audit Regulations the Council conducts an annual review of the effectiveness of the system of internal controls and prepares an Annual Governance Statement (AGS).
- 3.9 Following the 2021/22 review of the system of internal control, this Committee considered the draft AGS at its meeting on the 27 July 2022. The AGS has not been amended since that point and is attached to the draft audited Statement of Accounts (attached at the supplemental agenda). It is proposed that this is approved in line with the Statement of Accounts. Following such approval, the AGS will be signed by the Leader of the Council and the Chief Executive, prior to its publication with the Statement of Accounts.

Background Papers and Published Documents

Nil.