

AUDIT AND ACCOUNTS COMMITTEE

24 JULY 2019

APPROVAL OF THE STATEMENT OF ACCOUNTS

1.0 Purpose of Report

- 1.1 To obtain approval by an appropriate Committee of the Council's Statutory Accounts for the financial year ended 31 March 2019.

2.0 Introduction

- 2.1 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. In accordance with the Council's Constitution and the remit of this Committee, the Statement of Accounts is brought to this Committee for approval. Any changes arising after the distribution of the agenda will be advised at the meeting. If these are significant they will be notified to Members as soon as they become apparent in order to allow Members to consider them prior to the meeting.
- 2.2 The statutory audit of the accounts has been substantially completed and no additional matters from those identified in the Auditor's report are expected to arise.

3.0 Approval of the Accounts

- 3.1 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 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 2019.
- 3.2 The aim of the Regulations is for Members to demonstrate ownership of the accounting statements. The Statement of Accounts for the District Council has been sent to Members of the Committee with this Agenda. A training session was held on 5th June 2019 to aid Members' understanding of the statement and to address any initial comments.
- 3.3 There is a statutory requirement for the accounts of Newark and Sherwood Homes 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 31 July.

4.0 Changes made to the Statements

There is a requirement that the external auditor, Mazars, provides details of all of the errors in the financial statements that need amendment within the Report. Their full Audit Completion Report can be found under agenda item 'External Auditors Governance Report' and Appendix A, section 4 of the appendix fully details the summary of misstatements.

The audit identified two significant misstatements. The first misstatement was due to the requirement of a revised actuarial valuation report from the pension fund as there was a national judgement which affected the assumptions used within the original actuarial valuation report.

The second misstatement was due to the incorrect rental income figure used on the calculation of the valuation of Newark Livestock Market.

All relevant notes were adjusted for the above misstatements.

Annual Governance Statement

- 5.0 The Audit and Account Regulations 2015 require the Council to carry out an annual review of the effectiveness of its system of internal control. Having considered the findings of the review members are then required to approve an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control. The Annual Governance Statement has been reviewed and updated for 2018/2019 and is included in the Statement of Accounts. It is reproduced at Appendix A for ease of reference.

Letter of Representation

- 6.0 The Council's letter of representation to the external auditor attests to the accuracy of the financial statements submitted to the auditors for their analysis. In essence the letter states that all of the information submitted is accurate and that all material information has been disclosed to the auditors. The letter must be signed by the Chairman of the Audit and Accounts Committee and the Responsible Financial Officer. A copy of the letter is attached for information at Appendix B.

7.0 RECOMMENDATIONS that:

- (a) Members approve the Annual Governance Statement for the financial year ended 31 March 2019;**
- (b) Members approve the Statement of Accounts for the financial year ended 31 March 2019; and**
- (c) Members note that as per the previous report the s151 Officer and the Chairman have signed the Letter of Representation.**

Background Papers

Nil.

For further information contact Nick Wilson on extension 5317 or Andrew Snape, Assistant Business Manager Financial Services on extension 5523.