

BRECKLAND DISTRICT COUNCIL

Report of: Christine Marshall, Executive Director Commercialisation

To: Governance and Audit Committee, 25 July 2019

Author: Alison Chubbock, Chief Accountant

Subject: Audited Annual Statement of Accounts 2018-19

Purpose: To present the audited statement of accounts to Governance and Audit Committee for approval

Recommendation(s):

- 1) That Governance & Audit Committee give delegated authority to the S151 Officer to approve:
 - a) The final audited statement of accounts 2018-19
 - b) The annual governance statement (AGS) 2018-19
 - c) The letter of representation 2018-19

1.0 BACKGROUND

- 1.1 The Accounts and Audit Regulations 2015 require that the audited statement of accounts be considered and approved by a committee of the Council no later than 31 July each year.

At the 5 June 2019 Governance & Audit Committee meeting Members reviewed the un-audited statement of accounts. Since this meeting, Ernst & Young have begun their audit, however at the date of this report their audit has not completed. Ernst & Young's Audit Results Report provides an update on their progress to date and this item is included on this Governance & Audit Committee agenda.

Due to the audit not being completed, the Governance & Audit Committee are unable to approve the audited statement of accounts at this meeting and delegated authority is therefore requested for the S151 Officer to approve the accounts and related items.

- 1.2 The audit results are so far positive again for the latest financial year, only a small amount of changes have been made to the statement of accounts to date as a result of the audit and these are:
- o Minor changes to formatting and titles.
 - o Minor changes to notes 9, 24, 28 and 30.
- 1.3 The un-audited accounts included a contingent liability note regarding two pensions issues, where there was insufficient information at the time to calculate potential values:
- McCloud - A legal ruling made regarding age discrimination arising from pension scheme transition arrangements; and
 - Guaranteed Minimum Pension (GMP) – this relates to where a pension scheme was 'contracted out' of additional state pension arrangements. If the contracted out pension benefits are less than the pensioner would have received if the contracting out had not applied, the pension scheme would be required to increase pension paid to reach the GMP.

During June further information and assumptions have been forthcoming and the estimated liabilities for both of these have now been calculated and included in the Council's Balance Sheet within the pension liability and pension reserve. The contingent liability note has therefore been removed.

These estimates and other audit changes from the pension scheme audit have increased the pensions liability from £50,252k in the draft accounts to £51,177k:

- £164k McCloud
- £385k GMP
- £376k asset valuation changes arising from EY audit of Norfolk Pension Fund

These changes have also altered the values in the Comprehensive Income & Expenditure Statement, the Movement in Reserves Statement, the Expenditure and Funding analysis, notes 4, 5, 7 and 18 and the Group Accounts.

- 1.4 The statement of accounts 2018-19 as at 22 July 2019 and the annual governance statement are attached at appendix A and the letter of representation is attached at appendix B.

2.0 **OPTIONS**

- 2.1 That Governance & Audit Committee give delegated authority to the S151 Officer to approve the final audited statement of accounts, annual governance statement and letter of representation for 2018-19. (Recommended)

- 2.2 That Governance & Audit Committee re-convene a special meeting to approve the final audited statement of accounts, annual governance statement and letter of representation for 2018-19.

3.0 **REASONS FOR RECOMMENDATION(S)**

- 3.1 To comply with the Accounts and Audit regulations 2015.

4.0 **EXPECTED BENEFITS**

- 4.1 Compliance with the Accounts and Audit Regulations 2015.

5.0 **IMPLICATIONS**

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

5.2 **Constitution & Legal**

- 5.2.1 Accounts and Audit Regulations 2015.

5.3 **Financial**

- 5.2.1 The report and appendices are financial in nature.

5.8 **Risk Management**

- 5.3.1 Risks are included within the statement of accounts where appropriate.

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 N/A

7.0 **ACRONYMS**

7.1 N/A

Background papers:- [See The Committee Report Guide for guidance on how to complete this section](#)

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Key Decision: No

Exempt Decision: No

This report refers to a Mandatory Service

Appendices attached to this report:

Appendix A Statement of accounts and annual governance statement
Appendix B Letter of representation