

24 July 2019**Agenda Item: 7****REPORT OF THE CHAIRMAN OF FINANCE AND MAJOR CONTRACTS
MANAGEMENT COMMITTEE****STATEMENT OF ACCOUNTS 2018/19****Purpose of the Report**

1. To inform the Governance and Ethics Committee of the results of the external audit of the Statement of Accounts 2018/19.
2. To present the Audited Statement of Accounts 2018/19 for approval by the Governance and Ethics Committee.
3. To inform the Governance and Ethics Committee of the contents of the auditor's External Audit Report 2018/19.
4. To present the letters of representation to be issued in relation to the audit for approval by the Governance and Ethics Committee.

Accounting Adjustment

5. Since publication of the draft accounts on 30 May 2019 one adjustment has been made to the financial statements which mainly affects the pension liability and pension reserve balances as shown on the Authority's balance sheet. This adjustment is as a result of:-

Pension Fund Asset Valuations – in order to be able to meet the early closedown timetable, the actuaries use actual values to the end of December and roll these forward based on various estimates. This year they estimated that assets would increase by 10%, the actual increase was nearer 9%

The McCloud Case – this relates to a court case brought by a member of the judiciary around the move from a final salary scheme to a career average scheme and the discrimination that may result. This is a national issue which potentially impacts on all public sector pension schemes.

6. It should be noted that the financial accounting adjustments that have been made to the accounts do not impact upon the Authority's Management Accounts which were approved by Full Council on Thursday 11 July 2019.

Audit Results

7. The statutory audit of the Statement of Accounts 2018/19 was undertaken by Grant Thornton. The audit was completed satisfactorily and, subject to outstanding queries being resolved to their satisfaction, it is anticipated that the audit report to be issued will include an unqualified opinion on the financial statements. The auditor's draft opinion of the Nottinghamshire County Council accounts can be seen on page 11 of the Statement of Accounts and the draft opinion of the Nottinghamshire Pension Fund accounts can be seen on page 16 of the Statement of Accounts. The final opinions will be published on the Council's website by 31 July 2019.
8. No material adjustments were identified within the financial statements.
9. The audit did not identify any significant weaknesses in internal control and there were no significant difficulties or matters identified during the audit.
10. The auditor anticipates issuing an unqualified value for money conclusion stating that the Council had proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
11. The external auditors are not able to issue the formal 2018/19 Statement of Accounts notice of completion alongside their opinion and Value for Money conclusion due to an outstanding objection to the 2015/16 Statement of Accounts.
12. The statement of accounts is one of the key documents prepared by the Council to demonstrate good governance and value for money. This provides information about the County Council's financial position, performance and cash flows and consequently, shows the results of the stewardship and accountability of elected members and management for the resources entrusted to them, which is of paramount importance in the use of public funds.
13. The results of this year's audit are a continued positive reflection of the Council's performance, particularly in the context of the continuing changes and complexities arising from International Financial Reporting Standards and the challenge of finalising the accounts to tight deadlines.
14. As required by The Accounts and Audit (England) Regulations 2015, the Council's S151 Officer will re-certify the accounts following completion of the audit, the Chairman of the Governance and Ethics Committee will sign the Statement of Approval and the S151 Officer and Chairman of the Governance and Ethics Committee will sign the letters of representation.

Statutory and Policy Implications

15. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

16. That

- a) The contents of the External Audit Report 2018/19 are commented upon.
- b) The letters of representation are approved.
- c) The Statement of Accounts 2018/19 is approved.

Councillor Bruce Laughton
Chairman of Governance and Ethics Committee

For any enquiries about this report please contact:

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Constitutional Comments (KK 16/07/2019)

17. The proposals in this report are within the remit of the Governance and Ethics Committee.

Background Papers

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Annual Governance Report 2017/18

Electoral Division(s) and Member(s) Affected

All