

Report of	Meeting	Date
Chief Executive	Governance Committee	24 th July 2019

STATEMENT OF ACCOUNTS 2018/19

PURPOSE OF REPORT

1. To present for approval, by the statutory deadline of 31 July 2019, the audited Statement of Accounts for 2018/19.

RECOMMENDATION(S)

2. That the Committee should approve the audited Statement of Accounts for 2018/19 (Appendix A), subject to any amendments which in the opinion of the Chief Financial Officer (Section 151 Officer) are minor in nature, such minor amendments to be defined as non-material to the financial position of the authority. The Chief Financial Officer will exercise this delegation in consultation with the Chair of Governance Committee. In the event the Chief Financial Officer is of the opinion the amendments are material to the financial position of the authority, Governance Committee will be reconvened to approve the new Statement of Accounts.
3. That the Committee should authorise the Chief Executive and Chair of Governance Committee to sign the Letter of Representation (Appendix B).

EXECUTIVE SUMMARY OF REPORT

4. Approval of the audited Statement of Accounts and publication by 31 July 2019 is a requirement of The Accounts and Audit Regulations 2015. The approved and signed Statement should be published on the Council's web site.
5. There have been no material changes to the Statement of Accounts from the draft version published on 31 May 2018 which affected the financial position of the Council.
6. The Appointed Auditor anticipates providing the Council with an unmodified audit report.
7. At the time of preparing this report, the Appointed Auditor has a limited number of further tests to complete. Should this additional work identify the need to make further changes to Statement of Accounts presented to this meeting, a procedure for agreeing the changes in time to meet the statutory publication deadline is required. The recommendation in paragraph 2 requests approval for such a procedure. This procedure would enable the Chief Financial Officer to exercise delegation in consultation with the Chair of Governance Committee in respect of making amendments to the statement which do not have a material effect on the financial position of the Council.

Confidential report Please bold as appropriate	Yes	No
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Key Decision? Please bold as appropriate	Yes	No
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CORPORATE PRIORITIES

8. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy homes and communities		An ambitious council that does more to meet the needs of residents and the local area	✓

BACKGROUND

9. The draft Statement of Accounts 2018/19 were signed by the Chief Finance Officer on 31 May 2018, and published on the Council's website together with details of public inspection rights. The signed accounts were then presented to Grant Thornton external auditors for audit.
10. The audit of the accounts has not yet been completed in full. A few issues are still being considered, which means that there is a possibility that further changes to the Statement of Accounts might be required. However the Appointed Auditor's Audit Findings Report is presented as a separate report on this agenda. This explains adjusted misstatements, unadjusted misstatements, and misclassification and disclosure changes in the current version of the Statement of Accounts.
11. The Accounts and Audit Regulations 2015 require that the statement should be approved by a meeting of members by 31 July 2018. The full statement for 2018/19 is attached as Appendix A.
12. Following consideration and approval by this Committee, the Chair should sign and date the Statement, which should also be re-certified by the Chief Financial Officer (Chief Executive), and be published by 31 July 2018. The Statement of Accounts will be published on the Chorley Council web site, www.chorley.gov.uk.
13. The Chief Executive, as Chief Finance Officer, and the Chair of Governance Committee should also sign the Letter of Representation.
14. As the audit has not been completed in full, it is recommended that the Chief Financial Officer in consultation with the Chair of Governance Committee should approve non-material amendments to the Statement of Accounts before it is signed and dated. In the event the Chief Financial Officer is of the opinion the amendments are considered material to the financial position of the Council, Governance Committee will be reconvened to approve the new Statement of Accounts.

CHANGES TO SIGNED STATEMENT OF ACCOUNTS PUBLISHED ON 31 MAY 2019

15. Appendix B of the Audit Findings Report discussed the main adjustments made to the Statement of Accounts from the version published on 30 May 2019. These adjustments were all relatively small. In addition, Note 11 in the draft statement included changes to 2017/18 balances between some earmarked reserves. None of the changes were material, so the 2017/18 figures should not have been amended. The note has now been corrected.
16. One complication that arose during the two-month audit period is that of the McCloud ruling on pension age discrimination. In summary, the Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members. The council requested that its pension fund actuary re-run the council's pension liability figures based on the possible affect this ruling may have.
17. The outcome of this work from the actuary was:
 - Additional past service liabilities as at 31 March 2019 of £797k
 - Additional projected service cost for the year commencing 1 April 2019 of £143kThese figures combined are £940k (or 0.6% of the total pension liability)
18. This figure falls below the council's materiality limit of £1.104m. It has been the decision of the CFO to not adjust the accounts for the effect of the McCloud ruling. The necessary changes to the pension fund will be made through the triennial pension review taking place during 2019.
19. A report recommending purchase of a major property asset is being presented to the Full Council meeting of 23 July 2019. Should Council approve purchase of the asset during 2019/20, it would be a material non-adjusting event after the reporting period, which should be disclosed in Note 7. A replacement for Note 7 will be prepared and will be circulated should the asset purchase be approved by Council.

AUDIT FINDINGS

20. The Audit Findings report by the Appointed Auditor (Grant Thornton) includes a draft audit opinion. This indicates that the Council will be provided with an unmodified audit report which is, in other words, an unqualified opinion. In addition, Grant Thornton are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.
21. At the time of preparing this report and the version of the Statement of Accounts it introduces, the auditors are still undertaking a limited amount of checks. Due to the audit not having been finalised, it is possible that they could identify further changes that would be required to core statements or supporting notes after Governance Committee has resolved to approve the Statement of Accounts. As a consequence, it is recommended that the Chief Financial Officer in consultation with the Chair of Governance Committee should agree any changes which have no material impact on the financial position of the Council before recertifying the Statement of Accounts. Should there be any changes which do have a material impact on the financial position of the Council, it would be necessary to reconvene Governance Committee to agree the changes.

IMPLICATIONS OF REPORT

22. No risk has been identified.

23. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

24. All relevant comments are included within the report

COMMENTS OF THE MONITORING OFFICER

25. Approval and publication of the 2018/19 Statement of Accounts by 31 July 2019 is required in order to comply with The Accounts and Audit Regulations 2015.

GARY HALL
CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER

Report Author	Ext	Date
James Thomson/ Michael Jackson	5025/5490	22/07/19