

# REPORT FOR DECISION

**MEETING:** **AUDIT COMMITTEE**

**DATE:** **17 SEPTEMBER, 2019**

**SUBJECT:** **STATEMENT OF ACCOUNTS 2018/19**

**REPORT FROM:** **MIKE WOODHEAD, CHIEF FINANCE OFFICER**

**CONTACT OFFICER:** **ANDREW BALDWIN, HEAD OF FINANCIAL  
MANAGEMENT**

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**TYPE OF DECISION:** **COUNCIL**

**FREEDOM OF  
INFORMATION/STATUS:** This paper is within the public domain

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**SUMMARY:** The report provides Members with details of the Authority's audited Statement of Accounts for the financial year ended 31 March 2019.

The pre-audited Statement of Accounts was approved by the Responsible Finance Officer on 31 May, 2019. The accounts have now been audited by Mazars and Members are asked to note:

- 10 audit adjustments have been required;
- Two recommendations have been made which are of medium and low priority;
- Officers will work with Mazars to improve the final accounts process;
- A notice will be placed advertising the completion of the audit and how members of the public can access copies of the statement and summary of accounts.

This report is to be considered along with the ISA (UK+I) 260 "*Communication of Audit Matters with those Charged with Governance*" report which will be presented by Mazars as part of this meeting.

**OPTIONS &  
RECOMMENDED OPTION**

Members are recommended to:

Approve the final version of the Statement of Accounts for the 2018/19 financial year in line with the provisions of the Accounts and Audit Regulations 2015;

Note the matters and issues arising from the audit and contained within the Audit Completion Report (ISA (UK+I) 260 Financial Statement report) also on the agenda presented by MAZARS;

Approve the letter of representation signed by the Chief Finance Officer which will be presented at the meeting of the Audit Committee.

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**IMPLICATIONS:****Corporate Aims/Policy Framework:**

Do the proposals accord with the Policy Framework? Yes

**Statement by the Joint Chief Finance Officer / Section 151 Officer:**

The Statement of Accounts reflects the Authority's financial performance during 2018/19 and helps to shape budget strategy in future years.

**Equality/Diversity implications:**

No

**Considered by Monitoring Officer:**

Yes

**Are there any legal implications?**

Yes. The production of the Authority's statutory accounts is a requirement of the Local Government Act 1972 and has been undertaken in compliance therewith and the Council's Financial Regulations (Financial Regulation A: Financial Management: 3.8.5). The report accords with the Council's Policy and Budget Framework and has been produced in accordance with all relevant Statutory Guidance and Codes of Practice.

**Staffing/ICT/Property:**

No specific implications

**Wards Affected:**

All

**Scrutiny Interest:**

Overview & Scrutiny Committee

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**TRACKING/PROCESS****DIRECTOR: Mike Woodhead**

Joint Executive Team	Cabinet Member / Chair	Ward Members	Partners
Yes	Yes		
Overview & Scrutiny Committee		Committee	Council
		Audit 17/09/2019	

## 1.0 INTRODUCTION

- 1.1 Under the terms of the Accounts and Audit Regulations 2015 each year the Authority is required to produce the draft, unaudited Statement of Accounts before 31 May following the Balance Sheet date. The accounts are approved at this stage by the Responsible Finance Officer (Section 151 Officer). For Bury Council the Responsible Finance Officer in 2018/19 was the Assistant Director of Finance.
- 1.2 Once the draft Accounts have been approved they are subject to audit by, in our case, Mazars, and a copy of the Accounts must be published on or before the statutory publication date of 31 July.
- 1.3 The 2018/19 draft Accounts were approved by the Responsible Finance Officer on 31 May, 2019.
- 1.4 In accordance with the Accounts and Audit Regulations 2015 members of the public have the right to inspect the Authority's Accounts, including supporting documents, on reasonable notice at all reasonable times. Any rights of objection, inspection and questioning of the external auditor may only be exercised within a single period of 30 working days. This year the Accounts were deposited for inspection at the Town Hall for 30 working days commencing 3 June 2019 until 12 July and the External Auditor was available for questioning from 3 June 2019. This facility was advertised in the local press and on the Bury Council website.
- 1.5 The figures shown within the Statement of Accounts correspond with the results which were reported within the Corporate Revenue & HRA, Capital and Treasury Management Outturn Reports. These were considered by the Cabinet on 25 June 2019 and will be considered by the Overview & Scrutiny Committee on 16 July 2019 and contain details of the Council's financial performance against budget.

## 2.0 THE FORMAT OF THE ACCOUNTS

- 2.1 The Statement of Accounts is attached at Appendix A and it contains the following financial statements:-
  - An Introduction by the Cabinet Member for Finance & Housing;
  - Narrative Report;
  - Statement of Responsibilities;
  - Core Financial Statements:
    - Comprehensive Income and Expenditure Statement;
    - Balance Sheet;
    - Movement In Reserves Statement;
    - Cash Flow Statement
  - Index for the Notes to the Core Financial Statements;

- Notes to the Core Financial Statements including Accounting Policies;
- The Housing Revenue Account;
- The Collection Fund;
- Group Accounts;
- Glossary of Terms

- 2.2 A brief explanation of the purpose of these statements is given in the Narrative Report on page 6 of the Accounts.
- 2.3 The format and contents of the Accounts are laid down in regulations and in the Code of Practice on Local Authority Accounting incorporating International Financial Reporting Standards which we are required to follow. As a result the Authority has little or no discretion over what is shown.
- 2.4 The Council has continued to investigate ways in which the Accounts can be made more accessible to the community at large, especially through the use of plain English, summary information and through the internet. Similar to previous years, the 2018/19 Accounts can be translated into a number of different languages if required and can be made available in Braille and large print.
- 2.5 A quick and easy summary format of the accounts in order to make the accounts easier to understand and more informative, will continue to be provided. These will again be placed on the Council's website and this facility will again be advertised in the local press. We will ensure that the Accounts continue to be presented in the professional format adopted last year on conclusion of the audit.

### **3.0 AMENDMENTS TO THE ACCOUNTS**

- 3.1 For the 2018/19 financial year there is the continuation of the important development in the responsibilities of auditors in relation to any misstatements that they discover in the course of their work. Under International Standard of Auditing (UK and Ireland) (ISA (UK+I)) 330, auditors plan and perform their audit to provide reasonable assurance that the financial statements are free from material misstatement.
- 3.2 However, in carrying out their work, they will also happen across other misstatements/omissions that are not material and ISA (UK+I) 260 "*Communication of Audit Matters with those Charged with Governance*" requires auditors to report to Members all misstatements that have been advised to officers but not adjusted for.
- 3.3 The principal purposes of the communication with Members are for the auditors to ensure that there is a mutual understanding of the scope of the audit and the respective responsibilities of the auditors and Members; to share information to assist both the auditors and Members to fulfil their respective responsibilities; and to provide Members with constructive observations arising from the audit process.
- 3.4 There were 10 audit adjustments that Mazars have identified from the draft accounts that were approved by the Responsible Finance Officer on 31 May.
- 3.5 **Members are therefore recommended to approve these Accounts.**
- 3.6 In the last few years the Council has made continuous improvements to the accounts closure process in terms of its preparation and application and the

results of this can be seen in a consistently good performance in terms of a reduced number of both audit adjustments and recommendations as reported in previous ISA260s. Officers will work with Mazars to ensure improvements are made in the final accounts process in future:

	<b>2018 / 19</b>	<b>2017 / 18</b>	<b>2016 / 17</b>	<b>2015 / 16</b>	<b>2014 / 15</b>	<b>2013 / 14</b>	<b>2012 / 13</b>	<b>2011 / 12</b>	<b>2010 / 11</b>
Audit Adjustments	<b>10</b>	<b>0</b>	0	2	0	1	2	1	3
Recommendations	<b>2</b>	<b>7</b>	2	1	6	6	1	1	10
Recommendations outstanding from previous years	<b>3</b>	<b>0</b>	0	1	4	0	0	1	0

- 3.7 The Committee should also note that no audit matters of governance have been identified by Mazars.

#### **4.0 MANAGEMENT LETTER**

- 4.1 The authority is required by Auditing Standards to provide the auditor with written representations from management in respect of related party disclosures, compliance with laws and regulations, the accuracy of the financial statements, unadjusted audit differences, fraud and fair value measurements and disclosures. In addition the auditors also seek management representations in relation to contingent liabilities, post balance sheet events.
- 4.2 In a local government context it is appropriate for management representations to be discussed and approved by the full Council, the Audit Committee or any other committee which has been given delegated responsibility for approval of the financial statements under the Accounts and Audit Regulations 2015. In Bury's case this is the Audit Committee and a letter of representation signed by the Chief Finance Officer and Chair of Audit Committee will require approval by Audit Committee.

#### **5.0 ISSUES**

- 5.1 I would like to thank all the Council staff involved in the achievement of the 31 May deadline for the close down process and pay tribute to the professional and timely manner in which the officers have responded to the audit queries that they have received.

**MIKE WOODHEAD**  
**CHIEF FINANCE OFFICER**

#### ***Background documents:***

Various final accounts working papers held in the files of the Head of Financial Management.

#### ***For further information on the details of this report, please contact:***

Mr Mike Woodhead, Joint Chief Finance Officer;

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