

HUNTINGDONSHIRE DISTRICT COUNCIL

Title:	Approval for Publication of the 2018/19 Annual Governance Statement and the Annual Financial Report
Meeting/Date:	Corporate Governance Committee – 13 November 2019
Executive Portfolio:	Strategic Resources: Councillor J A Gray (Deputy Executive Leader)
Report by:	Head of Resources
Wards affected:	All Wards

Executive Summary:

The Council is required by statute to produce both an Annual Governance Statement (AGS) and an Annual Financial Report (AFR). Both of these documents are produced in line with statutory regulations and are required to be approved by 'those charged with governance'.

In order to approve the accounts the Committee must:

- Consider the Auditors Report (Audit Results Report) which comments on the auditor's findings on the Annual Finance Report and their view on Value for Money. Both the Annual Finance Report and the Value for Money position of the Council are expected to receive an unqualified audit opinion. At the time of writing the Auditors Results Report at Annex A is still some minor queries outstanding.
- Approve the Letter of Representation
- Approve the Annual Financial Report

Recommendations:

1. Receives the Auditors Results Report (**Annex A**)
2. Approves the Letter of Representation (**Annex B**) and authorises the Head of Resources (as Section 151 officer) to sign it on behalf of the Council.
3. Give delegated powers to the Chairman of the Committee and Finance Manager (as Section 151 officer) to authorise and sign the Annual Financial Report (**Annex C**) on behalf of the Council subject to the auditors confirming an unqualified opinion on the AFR 2018/19.

1. PURPOSE OF THE REPORT

- 1.1 To complete the processes for finalising and publishing the Council's Annual Governance Statement (AGS) and Annual Finance Report (AFR) for 2018/19.

2. BACKGROUND

- 2.1 The Corporate Governance Committee is designated as 'those charged with governance' and consequently it is required to approve the AFR prior to

publication. To do this the Committee needs to follow the stages in the order shown in the report.

3 RECEIVING THE AUDITORS REPORT (AUDIT RESULTS REPORT)

3.1 At the time of writing the report the audit is complete with the auditors having some final queries to resolve to enable them to approve the accounts. An up to date position will be reported at the Committee.

3.2 The Audit Results Report will be presented to the meeting by the auditors and a draft is attached at **Annex A**. The auditors will verbally update the Committee at the meeting of any further changes since the issuing of the report.

3.3 The Audit Report outlines, within audit differences, uncertainty around an adjustment to prior year surplus/deficits requested by MHCLG. This relates to 13/14 and 14/15 accounting periods and given that the impact on the accounts would not be material, it was agreed that officers would investigate this further as part of the 2019/20 close down.

3.3 There were 3 issues raised as 'Control Observations' by the auditors within the Audit Results Report in respect of the AFR for 2018/19 which related to:

- Accounting records
- Timeliness of deliverables
- Bank Reconciliation

3.4 Although the issues raised are similar to prior year, significant progress has been made to make sure that information is understandable and comprehensive. During 2018/19 the finance team migrated to a new finance system and have ensured that the integrity of the data has been maintained.

4 APPROVE THE LETTER OF REPRESENTATION

4.1 Each year a letter has to be given to the auditor by the Council which explains what the Council has done to ensure its financial records are accurate; a draft of the letter is attached as **Annex B**. It is 'best practice' for the Committee to approve the content of this letter and then authorise the Head of Resources to sign it on behalf of the Council.

4.2 The Committee is asked to agree the draft letter and once the external auditor has confirmed that both the AGS and AFR are unqualified, that the Head of Resources to sign it on behalf of the Council.

5 APPROVE THE ANNUAL FINANCIAL REPORT

5.1 The Council is required to produce and approve by the 31 May the Draft AFR, which incorporates the Statement of Accounts. Then 'those charged with governance' are required to approve and the Council is required to publish the AFR; a copy is attached at **Annex C**.

5.2 The Committee is asked to approve the AFR, which includes the Statement of Accounts. Once the external auditor has confirmed that the AFR is unqualified, then the report will be signed on behalf of the Council.

6 KEY IMPACTS

- 6.1 Paragraph 3 above outlines the control observations and the associated management comments.

7 LINK TO THE CORPORATE PLAN

- 7.1 Ensuring we are a customer focused and service led Council – to become more business-like and efficient in the way we deliver services. The production of the AFR is also a statutory requirement.

8. CONSULTATION

- 8.1 In line with the Account and Audit regulations the AFR was available for inspection from 3 June to 14 July 2019.

9 LEGAL IMPLICATIONS

- 9.1 There are no direct legal implications arising from this report.

10 RESOURCE IMPLICATIONS

- 10.1 There is a specific budget for the Audit Fees.

11 REASONS FOR THE RECOMMENDED DECISIONS

- 11.1 The process that has been followed in preparing the AFR has been thorough and in line with statutory regulations.
- 11.2 The issues that have been identified for inclusion within the AGS are referenced within the statement and are a reflection of the current situation.
- 11.3 Both the AGS and the AFR have been subject to external audit and review by the Council's auditors, Ernst and Young LLP.

LIST OF APPENDICES INCLUDED

Annex A – Auditors Report – Audit Results Report
Annex B – Draft Letter of Representation
Annex C – 2018/19 Annual Financial Report (Draft)

BACKGROUND PAPERS

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