

HUNTINGDONSHIRE DISTRICT COUNCIL

Title:	Approval for Publication of the 2019/20 Annual Governance Statement and the Annual Financial Report
Meeting/Date:	Corporate Governance Committee – 27 January 2021
Executive Portfolio:	Strategic Resources: Councillor J A Gray
Report by:	Chief Finance Officer
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) (paragraph 3) 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 provisional as the audit is still ongoing.
- Approve the Annual Governance Statement (paragraph 4) which includes the following themes:
 - Housing affordability
 - Morbidity/growing number of years of ill health
 - Wider economic environment
 - Skill levels and educational attainment
 - Partner agency operational pressures
- Approve the Letter of Representation (paragraph 5)
- Approve the Annual Financial Report (paragraph 6)

Recommendations:

1. Receives the Auditors Results Report (**Annex A**)
2. Approve the Annual Governance Statement (**Annex B**) and authorises the Executive Leader and Managing Director to sign the Statement on behalf of the Council.
3. Approves the Letter of Representation (**Annex C**) and authorises the Chief Finance Officer (as Section 151 officer) to sign it on behalf of the Council.
4. Give delegated powers to the Chairman of the Committee and Chief Finance Officer (as Section 151 officer) to authorise and sign the Annual Financial Report (**Annex D**) on behalf of the Council subject to the auditors confirming an unqualified opinion on the AFR 2019/20.

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 2019/20.

2. BACKGROUND

- 2.1 The Corporate Governance Committee is designated as 'those charged with governance' and consequently it is required to approve both the AGS and 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 not yet 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 by the auditors on outstanding queries and audit review procedures.

- 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 There were 3 issues raised as 'Control Observations' by the auditors within the Audit Results Report in respect of the AFR for 2019/20 which related to:

- Asset Valuations
- Completeness of related party responses from members
- Completeness of information provided for sensitive notes in the accounts

- 3.4 In addition to reviewing the AFR, the auditors are required to give a view on Value for Money within the Council. The auditors anticipate a qualified opinion (except for) in respect of the Value for Money conclusion as outlined at previous committee meeting. This is due to the effective resources within Internal Audit as already outlined to committee.

4. APPROVE THE ANNUAL GOVERNANCE STATEMENT

- 4.1 The Committee, on behalf of the Council is required to review once a year the effectiveness of its system of internal control and following that review approve the AGS. The AGS will be published alongside the AFR and is shown at **Annex B**.

- 4.2 The governance statement includes 6 significant themes:

- Housing affordability
- Morbidity/growing number of years of ill health
- Wider economic environment
- Skill levels and educational attainment
- Partner agency operational pressures
- Environmental pressures

- 4.4 These issues notwithstanding, the governance arrangements and the internal control environment are considered to be operating effectively.

5 APPROVE THE LETTER OF REPRESENTATION

- 5.1 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 C**. It is 'best practice' for the Committee to approve the content of this letter and then authorise the Chief Finance Officer to sign it on behalf of the Council.
- 5.2 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 Chief Finance Officer to sign it on behalf of the Council.

6 APPROVE THE ANNUAL FINANCIAL REPORT

- 6.1 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 D**. The copy currently attached at **Annex D** is the draft AFR which could still be subject to amendment as a consequence of audit.
- 6.2 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.
- 6.3 The issues that have been raised by the auditor in respect of the AFR are detailed within Section 3 of this report and Section 7 of the Auditors' Results Report.

7 KEY IMPACTS

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

8 LINK TO THE CORPORATE PLAN

- 8.1 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.

9. CONSULTATION

- 9.1 In line with the Account and Audit regulations the AFR was available for inspection.

10 LEGAL IMPLICATIONS

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

11 RESOURCE IMPLICATIONS

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

12 REASONS FOR THE RECOMMENDED DECISIONS

- 12.1 The process that has been followed in preparing the AGS and the AFR has been thorough and in line with statutory regulations.

- 12.2 The issues that have been identified for inclusion within the AGS are referenced within the statement and are a reflection of the current situation.
- 12.3 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 – 2019/20 Annual Governance Statement
Annex C – Draft Letter of Representation
Annex D – 2019/20 Annual Financial Report (Draft)

BACKGROUND PAPERS

CONTACT OFFICER

Claire Edwards
Chief Finance Officer