

**Public
Key Decision - No**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title	Approval for the publication of the Annual Governance Statement 2022/23 and Annual Financial Report 2022/23.
Meeting/Date:	Corporate Governance Committee – 27 November 2024
Executive Portfolio:	Finance and Resources: Councillor B Mickelburgh
Report by:	Corporate Director (Finance and Resources)
Ward(s) affected:	All

Executive Summary:

The Council is required by statute to produce both an Annual Governance Statement (AGS) and an Annual Financial Report (AFR). Both 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 Completion Report for Those Charged with Governance (including the Audit Report) which comments on the auditor's findings on the AFR and their view on Value for Money (VfM).
- Approve the Annual Governance Statement (paragraph 4), previously presented on 27th September 2023, which includes the following:
 - Scope of responsibilities
 - What is governance
 - The governance framework
 - Review of effectiveness
 - Governance issues and progress on issues
 - Opinion
- Approve the Letter of Representation 2022/23 (paragraph 5)
- Approve the Annual Financial Report 2022/23 (paragraph 6)

It should be noted that as a result of the national delays to external audit work, a backstop date of 13th December 2024 was introduced by which the opinion on the 2022/23 AFR should be issued. This date was introduced as part of the regime to get local authority audits up to date. As part of the approach to bringing audits up to date, the regulations allow for a disclaimed audit report will be issued by EY for 2022/23. This is explained within the Completion Report for Those Charged with Governance.

RECOMMENDATIONS:

The Committee is recommended to:

- 1. Receive and discuss the Completion Report for Those Charged with Governance 2022/23 (Appendix 1)**
- 2. Approve the Annual Governance Statement (Appendix 2) and authorise the Executive Leader and Chief Executive Officer to sign the Statement on behalf of the Council.**
- 3. Approve the Letter of Representation (Appendix 3) and authorise the Corporate Director (Finance and Resources), as Section 151 Officer to sign it on behalf of the Council.**
- 4. Give delegated powers to the Chairman of the Committee and the Corporate Director (Finance and Resources), as Section 151 Officer to authorise and sign the Annual Financial Report for 2022/23 (Appendix 4) on behalf of the Council.**
- 5. Give delegated powers to the Corporate Director (Finance and Resources) in conjunction with the Chairman of this Committee, to ensure that any minor amendments to the statement of accounts are completed before final publication.**

1. PURPOSE OF THE REPORT

- 1.1 To complete the processes for finalising and publishing the Council's Annual Governance Statement (AGS) and Annual Financial Report (AFR) for 2022/23.

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 AUDITOR'S REPORT

- 3.1 As explained in the Completion Report for Those Charged with Governance, it has not been possible for EY to fully complete the audit of the Council's Annual Financial Report within the timetabled back-stop date. This being the case EY has issued a disclaimed audit report in line with the regulations issued to enable the reset of the whole system of local audit. An up-to-date position will be reported at the Committee by the auditors on outstanding queries, audit review procedures and the next steps.
- 3.2 The Completion Report for Those Charged with Governance including the Audit Report and the VfM Report will be presented at the meeting by the auditors, and a draft is attached at **Appendix A**. The auditors will verbally update the Committee at the meeting of any further changes since issuing of the report.
- 3.3 In addition to reviewing the AFR, the auditors are required to give a view on Value for Money within the Council. The auditors anticipate an unqualified opinion in respect of the Value for Money conclusion.

4. APPROVE THE ANNUAL GOVERNANCE STATEMENT

- 5.1 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 **Appendix B**.

- 5.2 The governance statement includes the following:

- Scope of responsibilities
- What is governance
- The governance framework
- Review of effectiveness
- Governance issues and progress on issues
- Opinion

4.3 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 at **Appendix C**. It is best practice for the Committee to approve the content of this letter and then authorise the Corporate Director (Finance and Resources) 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 Corporate Director (Finance and Resources) signs it on behalf of the Council.

6 APPROVE THE ANNUAL FINANCIAL REPORT

6.1 The Council is required to produce and approve an audited AFR, which incorporates the Statement of Accounts by the backstop date of 13th December 2024. As there is not sufficient time to complete the necessary audit processes an audit opinion will not be issued by EY and instead a disclaimed audit report will be issued. The draft AFR including the statement of accounts is attached at **Appendix D**.

6.2 The Committee is asked to approve the AFR, which includes the Statement of Accounts.

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 3 of the Completion Report for Those Charged with Governance.

6.4 There may be some minor amendments required to the AFR and Statement of Accounts which will be finalised after this meeting in advance of them being published in line with the 13 December deadline.

7 KEY IMPACTS

7.1 The final version of all the documents will be published by 13 December with relevant amendments.

8 LINK TO THE CORPORATE PLAN

8.1 Ensuring we are a customer focussed 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 reflect the current situation at the time.

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.

13 LIST OF APPENDICES INCLUDED

Appendix 1 – Completion Report for Those Charged with Governance Including Audit Report (Draft)

Appendix 2 - Annual Governance Statement 2022/23

Appendix 3 - Letter of Representation (Draft)

Appendix 4 - Annual Financial Report 2022/23 (Draft)

CONTACT OFFICER

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