

# Audit Committee

20 January 2020



**Report of:** Director of Finance

**Title:** Statement of Accounts Year Ended 31 March 2019

**Ward:** City Wide

**Officer Presenting Report:** Denise Murray

**Contact Telephone Number:** 0117 3576255

## Recommendation

The Audit Committee approve the Statement of Accounts for the year ended 31 March 2019

## Summary

This report should be considered alongside the final ISA260 report being presented by the Council's external auditor.

The Statement of Accounts sets out the Council's financial position as at the 31 March 2019 along with a summary of its income and expenditure for the year to 31 March 2019. The financial statements are the main method of demonstrating financial accountability and stewardship.

The audit has identified two material prior period adjustments. These are in respect of investment properties and the disclosure of current liabilities. These have been agreed and incorporated into the revised Statement of Accounts attached at Appendix A. Other than some minor narrative changes there were no further changes to the draft accounts previously submitted to Audit Committee.



## **Policy**

None affected by this report.

## **Consultation**

- 1. Internal**  
Executive Members and senior management
- 2. External**  
The draft accounts were available for public inspection.

## **Background and Context**

1. Audit Committee last considered the draft accounts at its meeting of 30 September 2019, but at that time the external auditors were not in a position to issue the final ISA260 report.
2. The Council's Statement of Accounts has been prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) which is based on International Reporting Standards (IFRS). This is necessary to ensure that accounts of all Government funded bodies provide comparable and consistent information.
3. Consequently the accounts are a complex and technical document. The Narrative Report at pages 7 to 21 of the Statement aims to provide a general guide to the items of interest and highlight some of the more significant matters that have determined the position for the financial year ending 31 March 2019.
4. The External Auditors, Grant Thornton, are proposing to issue an unqualified audit opinion on the Council's financial statements and have confirmed that they are free from material error. Prior to approving the accounts the Auditor requires that the Audit Committee considers the matters raised in the Annual Governance Statement for 2018/19.
5. The Audit has identified two prior period adjustments since the draft accounts were last presented to Audit Committee. These have been agreed with the Auditor and these have been incorporated into the revised Statement of Accounts attached at Appendix 1.
6. The first relates to the Financial Instrument notes 22 and 23. The Council discovered that the process to determine the value of financial liabilities to be

recognised as current financial instruments within the financial instrument notes contained a calculation error.

7. As a result current financial liabilities meeting the specific criteria of a financial instrument within the financial instruments notes were understated by £34.485m within the 2017/18 statements. In order to correct this error the Council has restated the prior year comparative figures in the single entity and group financial instrument notes. This has no impact on the primary statements or the 2018/19 disclosures. The Council have since reviewed their processes and made appropriate changes, including to internal controls to ensure that such events are unlikely to recur.
8. The second relates to the disclosure of the Council's investment properties in note 25. As part of the 2018/19 external audit process, the Council discovered that the process to determine the future minimum lease payments due under non-cancellable leases in future years for the Operating leases note only included investment leases and excluded operational leases in error. As a result the future minimum lease payments due under non-cancellable leases in future years were understated by £20m within the 2017/18 statements. This has no impact on the primary statements. The Council have since reviewed their processes and made appropriate changes to ensure all leases are included for this disclosure note.
9. There have been a number of other minor changes to the disclosure notes mainly to enhance transparency and understanding.
10. Attached at Appendix 2 is the Letter of Representation. This is provided by the Council in connection with the audit of the financial statements for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and applicable law.

#### **Other Options Considered**

Not applicable

#### **Risk Assessment**

The Statutory Accounts need to be formally published as soon as practicable. This report, together with the Annual Governance Statement, forms part of the assurance process.

#### **Public Sector Equality Duties**

None necessary for this report

**Legal and Resource Implications**

**Legal**

None arising from this report

**Financial**

None arising from this report.

**Land**

Not applicable

**Personnel**

Not Applicable

**Appendices:**

Appendix 1 Statement of Accounts 2018/19

Appendix 2 Letter of Representation

***LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985***

***Background Papers:***

*Final Accounts working papers held in Corporate Finance*