

**Status of Report: Public**

**Meeting: Corporate Governance Committee**

**Date: 17 July 2019**

**Subject: Draft Statement of Accounts and Annual Governance Statement 2018/19**

**Report By: The Treasurer**

**Author: Adam Stretton (Area Manager Finance and ICT)**

**For: Decision**

## **1. Purpose**

The purpose of this report is to provide the Corporate Governance Committee with an opportunity to view and comment upon the draft 2018/19 financial statements and Annual Governance Statement (AGS).

## **2. Recommendations**

The Committee is asked to consider the draft Statement of Accounts and Annual Governance Statement 2018/19 and recommend any changes it sees fit.

## **3. Executive Summary**

- 3.1. The Accounts and Audit Regulations (2015) require that the draft statement of accounts for the financial year 2018/19 is signed off by the Treasurer by 31 May 2019. The Combined Fire Authority (CFA) is required to approve the final audited accounts by 31 July 2019, subject to completion of the external audit.
- 3.2. Approval and ownership of the Annual Governance Statement (AGS) is required at a corporate level. The draft AGS is published with the Statement of Accounts and complies with the CIPFA/SOLACE "Delivering Good Governance Framework" (2016).

## **4. Report Detail**

- 4.1. The Accounts and Audit Regulations (England) 2015 state that the accounts must be published with the audit opinion and certificate and be approved by Members by 31 July. The draft Statement of Accounts was signed by the Treasurer and submitted to the external auditor (Mazars) on the 31 May 2019, as also required by regulations.
- 4.2. The draft set of 2018/19 accounts as distributed to Mazars is attached as **Appendix 1**. The draft accounts are subject to ongoing review by Mazars before

they conclude their audit opinion and Value for Money Risk assessment.

- 4.3. The constitution provides that the CFA formally agrees the accounts and AGS. A special meeting of the CFA has been convened on 26 July 2019 for this purpose.
- 4.4. The draft Statement of Accounts for 2018/19 reflects the final revenue and capital outturn as reported to the CFA at its meeting of 19 June, although differences in the reporting requirements and presentation make a direct visual comparison difficult.
- 4.5. The draft Statement of Accounts includes a contingent liability note in relation to a national ongoing pensions legal case (known as McCloud), which was subject to appeal by the Government. However, at the time of writing this report, the Supreme Court had just announced that the Government has lost its appeal. The latest National Audit Office guidance suggests that the potential additional pension liabilities should be reflected in the accounts and steps are in hand to quantify these. The resulting changes will be included in the final set of accounts to be approved by the CFA on 26 July. It is however possible that the associated accounting and audit issues at this late stage may delay the finalisation of the external audit opinion.
- 4.6. The Head of Internal Audit Service Annual Report and annual opinion on the overall adequacy and effectiveness of the control environment 2018/19 is reported elsewhere on this agenda. Their opinion is reflected in the draft AGS.

## **5. Report Implications / Impact**

### **5.1. *Legal (including crime and disorder)***

- a) The Accounts and Audit (England) Regulations 2015 require that the responsible financial officer (the Treasurer) certifies the initial Statement of Accounts within two months of the financial year end i.e. by 31 May 2019. The Accounting Code of Practice on Local Authority Accounts largely dictates the format of the Statement of Accounts. The Statement of Accounts 2018/19 meets this statutory obligation. The Statement of Accounts and AGS must be published by 31 July 2019 together with any certificate or opinion entered by the auditor in accordance with section (20)2 of the Local Audit and Accountability Act 2014(a).
- b) There is a statutory requirement in England under the revised Accounts and Audit (England) Regulations 2015, for a Local Authority to conduct, at least once in each financial year, a review of the effectiveness of its system of internal control and overall corporate governance arrangements. This review requires the sources of assurance, which the CFA relies on, to be brought together and reviewed, from both a departmental and corporate view.

### **5.2. *Financial (including value for money, benefits and efficiencies)***

These are contained within the report and appendix.

5.3. ***Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)***

- a) The Statement of Accounts is prepared in line with the final Revenue and Capital Outturn 2018/19 report. Mazars commenced their audit on the accounts in June 2019, with a view to ensuring that any changes necessary prior to the final publication of the Statement of Accounts will be reported and completed on time.
- b) The Accounts and Audit (England) Regulations 2015 require the approved AGS to accompany the Statement of Accounts.

5.4. ***Staff, Service Users and Stakeholders (including the Equality Impact Assessment)***

- a) The arrangements and changes for the posts of Treasurer, Monitoring Officer and Chief Fire Officer are reflected within the AGS.

5.5. ***Environmental***

Hard copies of the Annual Report (which will include the Statement of Accounts) are only produced on request. An electronic copy is available on the CFA's website.

5.6. ***Impact upon Our Plan Objectives***

- a) It is important to ensure that the budget set by the CFA reflects and enables progress to be made against the CFA's corporate objectives. The Medium Term Financial Plan for 2018/21 reflects the CFA's strategic plan, "Our Plan". It also reflects national and regional strategies and policies at the time of issue.
- b) One of the CFA's corporate aims is achieving excellence in managing our Service. This is underpinned by the objective of efficiency and provision of a Value For Money service. The production of the AGS supports both the aim and objective.

6. **Background Papers**

- a) External Audit Plan 2018/19 (Corporate Governance Committee Report 13 March 2019):

<https://leics-fire.gov.uk/wp-content/uploads/2019/03/external-audit-plan-2018-2019.pdf>

- b) Final Outturn 2018/19 (CFA Report – 19 June 2019):

<https://leics-fire.gov.uk/wp-content/uploads/2019/06/revenue-and-capital-outturn-2018-19-.pdf>

## **Appendices**

Draft Combined Fire Authority 2018/19 Statement of Accounts and Annual Governance Statement

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