

Division(s):

## **AUDIT AND GOVERNANCE COMMITTEE – 17 July 2019**

### **STATEMENT OF ACCOUNTS**

#### **Report by Director of Finance**

### **RECOMMENDATION**

1. **The Audit and Governance Committee is RECOMMENDED to**
  - (a) **Consider and approve the Statement of Accounts 2018/19 at Annex 1;**
  - (b) **Note the Summary Accounts 2018/19 at Annex 2;**
  - (c) **Agree that no changes are required to the Annual Governance Statement, previously approved by the Committee on 8 May 2019;**
  - (d) **Consider and approve the Letter of Representations 2018/19 for the Oxfordshire County Council accounts at Annex 4;**
  - (e) **Consider and approve the Letter of Representations 2018/19 for the Oxfordshire Pension Fund accounts at Annex 5;**
  - (f) **Agree that the Director of Finance, in consultation with the Chairman of the Committee (or Deputy Chairman in his absence), can make any further changes to the Statement of Accounts 2018/19 and / or letters of representation that may arise during completion of the audit.**

### **Executive Summary**

2. The Accounts and Audit Regulations 2015 require the Director of Finance to publish the unaudited Statement of Accounts 2018/19 no later than 31 May 2019 and certify that they give a true and fair view of the County Council's financial position and income and expenditure for the year. This was achieved on 31 May 2019 and the unaudited accounts were published on the Council's website for public inspection. The Regulations require the Statement of Accounts to be considered by a committee of the Council by 31 July 2019 and, following that consideration, to be approved by resolution of that committee. This report presents the accounts to the Audit & Governance Committee for consideration and approval, with the findings of the audit available in Ernst & Young LLP's audit results reports.

### **Statement of Accounts**

3. The Statement of Accounts 2018/19 is attached at Annex 1. This version includes changes made to the unaudited accounts as agreed with the auditors as set out below and in Annex 3.

4. The accounts have been compiled in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the 'Code'). An introduction to the statement of accounts is included in the Narrative Report by the Director of Finance, together with commentary on the Council's financial position and economy, efficiency and effectiveness in its use of resources over the financial year.
5. The statement of accounts contains the Expenditure and Funding Analysis note, followed by the four primary financial statements: the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet and the Cash Flow Statement, together with accompanying notes. The statement of accounts also includes the Firefighters Pension Fund Accounts and the Oxfordshire Local Government Pension Fund Accounts.
6. The Annual Governance Statement is included in the statement of accounts document for completeness, as it is required to be published alongside the accounts and narrative report. The Audit & Governance Committee approved the 2018/19 Annual Governance Statement at its meeting on 8 May 2019, there are no issues being highlighted by the auditors that require any additional review of the Statement.
7. There have not been any significant changes to the preparation of the Statement of Accounts for 2018/19.

### **Summary Accounts**

8. The Summary Accounts 2018/19 (Annex 2) provide a simplified presentation of the financial position of the Council and its income and expenditure for the year. These have been made available to members of the public alongside the unaudited Statement of Accounts on the Council's website.

### **Changes to the unaudited accounts**

9. Annex 3 sets out the agreed changes which have been made during the audit to the unaudited accounts published on 31 May 2019 and the rationale for the changes.
10. There have been two significant changes:
  - Valuation of the Net Pensions Liability
  - Designation of Strategic Pooled Funds on transition to IFRS 9

### **Unadjusted differences**

11. An unadjusted difference is reported when auditors identify a misstatement that has not been adjusted by management which falls above the misstatement materiality of £0.875m but below the overall materiality assessment of £17.4m.

12. It is not expected that any unadjusted differences will be reported for 2018/19. However, as the audit has not concluded there is a possibility that an unadjusted difference could arise.
13. If this arises, the Letter of Representations must include managements rationale for not correcting the misstatement and be approved by the Audit and Governance Committee.

### **Letters of Representations**

14. Auditing standards require Ernst & Young LLP to obtain representations from management on certain matters material to their audit opinion. Separate letters of representations are required for the Oxfordshire County Council accounts and the Local Government Pension Fund accounts. The Audit & Governance Committee is required to consider and approve the letters of representations before they are signed by the Director of Finance and the Chairman of the Committee.

### **Objection to the 2016/17 accounts**

15. An objection to the 2016/17 Pension Fund accounts concerning the management of risk posed by the Fund's investment in fossil fuels has also not been concluded.
16. No objections have been raised to the 2018/19 accounts.
17. The auditors have confirmed that even if the outstanding objection was resolved in the objector's favour it would not affect the statement of accounts. However, until the objection has been finalised, the auditors are not able to conclude the 2016/17 and 2017/18 audits. This also means that they are not able to issue the audit completion certificate at the same time as the audit opinion for 2018/19 and this will remain outstanding until the objection relating to 2016/17 is resolved.

### **Conclusion**

18. It is anticipated that the auditors will issue an unqualified opinion on the 2018/19 Statement of Accounts. Ernst & Young LLP's audit results reports set out that there are no amounts that have been identified that are individually or in aggregate material to the presentation and disclosures of the consolidated financial statements for the year ended 31 March 2019.

LORNA BAXTER  
Director of Finance

Background papers: None

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July 2019