

BABERGH and MID SUFFOLK DISTRICT COUNCILS

COMMITTEE: Joint Audit and Standards Committee	REPORT NUMBER: JAC/19/9
FROM: Katherine Steel, Assistant Director, Corporate Resources	DATE OF MEETING: 27 January 2020
OFFICER: Melissa Evans, Corporate Manager, Finance, Commissioning & Procurement. Sue Palmer, Senior Financial Services Officer	KEY DECISION REF NO.

STATEMENT OF ACCOUNTS 2018/19 AND AUDITOR'S REPORT

1. PURPOSE OF REPORT

- 1.1 This report provides an update on the audit of the Statement of Accounts for 2018/19.
- 1.2 The audit has not yet been completed and an initial joint auditor's results report for the year for Babergh District Council and Mid Suffolk District Council, is attached in Appendix A. This provides members with information about the work done to date and the plan for the completion of the audit.
- 1.3 As a result of this, the Committee will not be able to sign off the auditor's report or the Statement of Accounts for 2018/19 at this meeting, but instead can agree delegation to the Councils' S151 Officer and the Chairs to sign the accounts (including the auditors unqualified opinion) once completed.

2. OPTIONS CONSIDERED

- 2.1 This is a statutory report and there are no options to consider.

3. RECOMMENDATIONS

- 3.1 Delegation be given to the Councils' S151 Officer and the Chairs to sign the accounts (including the auditors unqualified opinion) once completed. This will include:
- 3.2 That the joint external auditor's report for 2018/19, once complete, be approved.
- 3.3 That the Statement of Accounts for 2018/19 for Babergh District Council, produced following the completion of the audit be approved.
- 3.4 That the Statement of Accounts for 2018/19 for Mid Suffolk District Council produced following the completion of the audit be approved.

REASON FOR DECISION

For the Committee to approve the external auditors report and the statement of accounts for 2018/19.

4. KEY INFORMATION

- 4.1 The audit has not yet been completed at the time of preparing this report, and the Auditor, Ernst and Young, will give a verbal update at the meeting of the latest position on the work that has been completed, in progress and not yet started.
- 4.2 The Statement of Accounts included at Appendices B and C show highlighted amendments made as a result of the audit work completed so far. The Statements cannot be properly finalised until the audit has been fully completed.
- 4.3 When the audit is completed the Councils expect that there will be no significant findings to report and the Auditor to issue:
- An unqualified true and fair opinion in the financial statements; and
 - An unqualified value for money conclusion

5. LINKS TO THE JOINT CORPORATE PLAN

- 5.1 There are no direct links to the Joint Corporate Plan from this report but producing the Statement of Accounts helps to demonstrate sound financial management practices. In turn, these sound financial management practices will help support the Councils through their aims and objectives set out in the Joint Corporate Plan, including ensuring the long-term financial sustainability of the Councils.

Ernst and Young LLP audit both Councils' accounts and an initial joint audit report has been prepared and will be presented by the external auditors.

6. FINANCIAL IMPLICATIONS

- 6.1 A review by the Councils' Finance Team and the audit work completed to date, identified a change to the reported financial position, for each Council's General Fund, as identified below. The audit of the Councils' Housing Revenue Account has not started, so there are no changes to report. Any further changes identified after the publication of this report will be reported to the Committee.
- 6.2 The Finance Team's review identified a Housing Benefit subsidy debtors' accrual of £158k for Babergh and £204k for Mid Suffolk, which should not have been recognised in 2018/19 because it had been received before the year end. This adjustment has reduced the surplus on the General Fund and subsequent transfer to the Business Rates Equalisation Reserve for Babergh and the Welfare Reform Reserve for Mid Suffolk.

7. LEGAL IMPLICATIONS

7.1 There are no legal implications arising from this report.

8. RISK MANAGEMENT

8.1 This report is most closely linked to significant risk no. 13 “If we do not respond to our projected financial position we may be unable to react in a timely and effective way to financial demands, then we will be unable to deliver the entirety of the Councils’ Corporate Plan”. Key risks are set out in the following table:

Risk Description	Likelihood	Impact	Mitigation Measures
If there are material misstatements in the accounts or non-compliance with accounting requirements, then this could result in a possible ‘qualified’ audit opinion or unfavourable audit report.	2-Unlikely	2-Noticeable	Aim to obtain an unqualified ‘true and fair’ opinion from the external auditors as a result of: <ul style="list-style-type: none">• Clear arrangements for ensuring compliance with accounting requirements.• Analytical review of the outturn against previous year and the Budget.• Early discussion on key issues with the auditors.
If issues or concerns are raised by the public from the right to inspect the accounts, then this could have an impact on the Council’s reputation	2-Unlikely	1-Minimal	Open and transparent arrangements and publication of the public’s right to inspect the accounts.

9. CONSULTATIONS

9.1 None.

10. EQUALITY ANALYSIS

10.1 An equality analysis has not been completed because the report content does not have any impact on the protected characteristics.

11. ENVIRONMENTAL IMPLICATIONS

11.1 All Council activities will need to be reviewed as part of the work of the Climate Change Task Group and the Councils’ ambition to be carbon neutral by 2030.

12. APPENDICES

Title	Location
(a) External Auditor's joint Initial Audit Results Report for 2018/19	Appendix A
(b) Babergh District Council Statement of Accounts 2018/19 unaudited	Appendix B
(c) Mid Suffolk District Council Statement of Accounts 2018/19 unaudited	Appendix C