



## Governance Scrutiny Group

23 July 2019

### External Auditor's Report To Those Charged With Governance 2018/19

## Report of the Executive Manager – Finance and Corporate Services

### 1. Purpose of report

- 1.1 The purpose of this report is for Mazars, the Council's external auditors, to present their *Audit Completion Report* for 2018/19, to 'those charged with governance'. For Rushcliffe, this responsibility is delegated to the Governance Scrutiny Group.
- 1.2 The report confirms that the Council has continued to maintain a good quality Statement of Accounts and supporting working papers. There was one issue raised linked to the McCloud judgement which impacts upon all local authority pension liabilities, and arose after the draft accounts were finalised. The accounts have subsequently been amended.

### 2 Recommendation

It is RECOMMENDED that the Governance Scrutiny Group receives the Audit Completion Report 2018/19 and notes the findings, prior to recommending approval of the Statement of Accounts.

### 3 Reasons for Recommendation

- 3.1 To demonstrate good governance in terms of scrutinising the Council's Statement of Accounts and compliance with International Auditing Standards.

### 4 Supporting Information

- 4.1 As part of the final accounts process Mazars, as the Council's appointed auditor, provide a detailed report on the conduct of the audit of the final accounts alongside representations on specific matters such as the Council's financial standing and whether the transactions with the accounts are legal and unaffected by fraud. These issues are addressed in the *Audit Completion Report* which is attached at **Appendix A**.
- 4.2 The Statement of Accounts 2018/19 will be considered as a separate agenda item at this meeting. There is one adjustment to report regarding the Statement of Accounts (See Appendix A, pages 5, 13 and 14). This is in relation to the 'McCloud judgement' in relation to an age discrimination case. Page 14 of Appendix A highlights a worsening in pension liabilities as a result of this. Representatives of Mazars will be attending the meeting to present their report and answer the Group's questions.
- 4.3 Councillors should be aware that over the past few years significant improvements have been made to the year-end closedown process resulting in

both a good quality Statement of Accounts and supporting working papers. This is re-affirmed at page 11 with the statement that the draft accounts “were of a good quality. This represents a significant achievement by the finance team”. The Council has met the statutory deadline with the financial statements being due by 31 May and finalised for publication by the 31 July. This report confirms the improvement has been maintained which assists with a speedier closedown process leading to more time to quality assure documents and making the audit process more efficient for all concerned.

- 4.4 The audit also focused on the Council’s value for money arrangements given concerns in the sector regarding the sustainability of local government finances and specifically risks surrounding commercialisation. The Council has received a clean bill of health in this regard. The report confirms both an unqualified audit opinion on the financial statements will be issued along with an unqualified value for money conclusion.

## **5 Risk and Uncertainties**

- 5.1 Failure to comply with good governance procedures and professional accounting and audit practice could result in criticism from stakeholders, including both Councillors and the Council’s external auditors.

## **6 Implications**

### **6.1 Financial Implications**

There are no direct financial implications.

### **6.2 Legal Implications**

None

### **6.3 Equalities Implications**

None.

### **6.4 Section 17 of the Crime and Disorder Act 1998 Implications**

None.

### **6.5 Other Implications**

None.

## **7 Link to Corporate Priorities**

Creating and publishing a robust statement of accounts supports the delivery of all Council priorities.

## **8 Recommendation**

It is RECOMMENDED that the Governance Scrutiny Group receives the Audit Completion Report 2018/19 and notes the findings, prior to recommending approval of the Statement of Accounts.

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| <b>Background papers available for Inspection:</b> | Statement of Accounts 2018/19   |
| <b>List of appendices:</b>                         | <b>Appendix A</b> – Mazars - Audit Completion Report 2018/19  |