

CYNGOR SIR POWYS COUNTY COUNCIL

AUDIT COMMITTEE

6th September 2019

REPORT AUTHOR: Jane Thomas, Head of Financial Services

SUBJECT: Statement of Accounts and Pension Fund Accounts
2018/19

REPORT FOR: Information

- 1.1 The draft Statement of Accounts for 2018/19 were signed off by the Head of Finance (Section 151 Officer) on the 3rd June 2019 and the Pension Fund accounts on 6th June 2019. This was almost 2 weeks ahead of the 15th June requirement of the Accounts and Audit (Wales) Regulations 2014 (as amended). The audit of both sets of Accounts commenced by the Welsh Audit Office (WAO) team on the day the accounts were received.
- 1.2 The Auditor General has issued an unqualified opinion on the 2018/19 Accounts of the Authority and the Pension Fund at this meeting today, and following the Committees consideration and approval, The Head of Finance (Section 151 Officer) and the Chair of Audit Committee will sign the Statement of Accounts. Arrangements will then be made to comply with the 15th September deadline for publication.
- 1.3 As part of its role in scrutinising the Council's Statement of Accounts, Audit Committee has participated in two Audit seminars. One on 10th June 2019, where they received a presentation on the draft accounts submitted to WAO and another held on the 30th August 2019 which presented the changes made since the draft and also reviewed the items and issues raised during the audit period. Members of the Committee used this opportunity to review and question the amendments, enabling them to fully understand the reasons for the changes and any impact they have on the accounts.
- 1.4 There is one misstatement identified in the audited accounts that remains uncorrected. It concerns a £374k overstatement of Property, Plant and Equipment to that shown in the Fixed Asset Register. Management are of the view that the change is not material in value and does not have any impact on the Council fund balance, its omission does not alter the readers' opinion of the accounts. The adjustments will be corrected within the new financial year so will be reflected correctly from 2019/20.
- 1.5 All other misstatements have been corrected and these are recorded in the Auditor General's Report.

- 1.6 One material adjustment worthy of highlight is the McCloud judgement which resulted from the June 2019 decision by the Supreme Court to deny the government permission to appeal the Court of Appeals ruling that transitional protection arrangements put in place when Firefighters and Judges pension scheme were reformed were age discriminatory. The Authority engaged the actuary to provide details of the effect this would have on liabilities. This resulted in a £10.13m increased liability in the Authority accounts based on active liabilities at 31st March 2019. Within the Pension Fund accounts note 21: Actuarial Present Value of Promised Retirement Benefits the liability was calculated on the active liabilities at the last, 2016, valuation, the liability increased by £7.1m.
- 1.7 The Closure of the Accounts for the financial year ending 31st March 2019 and the completion of the Statement of Accounts has once again been delivered under a project management approach which continues to build on the improvements in previous years. The improvements made are once again recognised by the Wales Audit Office in the reports presented to the Committee today.
- 1.8 The Auditor General's report details the amendments made to the accounts and also reports on both qualitative and quantitative matters arising from the audit. Whilst the Council has generally sound accounting and financial reporting practices continued improvements can be made to the quality and timeliness of some of the working papers. The points raised will be considered in detail and incorporated into our work and plans for the closure of next year's accounts. The most pertinent points refer to providing more timely evidence to support the rationale and valuation of Property, Plant and Equipment, and justification to support any significant changes, timely delivery of the items included on the audit deliverables list, and formal evidence to support the review processes undertaken.
- 1.9 Committee have previously asked for assurance that there is sufficient capacity within the Finance Team to safely maintain and close the accounts. Many improvements have been made over the last couple of years and this has been demonstrated by our ability to complete the process earlier year on year. We continue to reflect and learn from each year's process, and have already identified areas for further improvement and are assured that the earlier closing timescales can be achieved.
- 1.10 It is recognised that the resources available across the Council are under continued pressure and in response to this challenge we are transforming the way we deliver our services. We have developed and started to implement a plan that will transform financial administration across the organisation, this will ensure that our processes are as simple and efficient as they can be, that errors and adjustments are minimised and that service managers and budget holders are upskilled to fulfil their financial management roles more effectively, this will ensure that there is less intervention required from the Finance Team. This will deliver efficiencies but will also enable the service to move from the traditional stewardship role to one which adds more value to the organisation.

- 1.11 The Accounts were made available for Public Inspection and the Auditors made themselves available for questions on the Accounts, the opportunity was not taken up by anyone this year.
- 1.12 The Project approach will continue in 2019/20, the project outline, timetable and actions will be put in place shortly and will incorporate any recommendations from the Auditor General's report and the forthcoming Wales Audit Office accounts memorandum report which will provide a more detailed list of issues and recommendations.
- 1.13 A number of seminars/workshops are being held by CIPFA (Chartered Institute for Public Finance and Accountancy) to assist in the preparation and planning for earlier closure and our officers are participating in these events. We are also sharing good practise with colleagues in other Authorities.
- 1.14 The Statement of Accounts, Pension Fund Accounts and Annual Governance Statement are this year presented as separate documents and approval will be sought for each.

Recommendation:	Reason for Recommendation:
<p>That Audit Committee considers and approves the 2018-19 Statement of Accounts. Which can be formally signed by Chair of the Committee and the Section 151 Officer.</p> <p>The Statement of Accounts be published by the 15th September 2019.</p> <p>That Audit Committee considers and approves the 2018-19 Pension Fund Accounts. Which can be formally signed by Chair of the Committee and the Section 151 Officer.</p> <p>The Pension Fund Accounts be published by the 15th September 2019.</p> <p>That Audit Committee considers and approves the 2018-19 Annual Governance Statement. Which can be formally signed by The Leader of the Council and the Chief Executive.</p> <p>The Annual Governance Statement be published by the 15th September 2019.</p>	<p>To ensure compliance with the Statutory Requirements.</p>

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