

## Agenda item 4

<b>Report title:</b> 2018/19 Statement of Accounts		<b>AGS/32/19</b>
<b>Report to Audit, Governance and Standards Committee</b>		
<b>Report author:</b> Margaret Lee – Executive Director of Corporate and Customer Services		
<b>Date of meeting:</b> 3 June 2019		<b>For:</b> Information
<b>Enquiries to</b> <i>Margaret Lee, Executive Director for Corporate and Customer Services</i>		
<b>Tel. No:</b> 03330 134558		
<b>Divisions affected:</b> All Essex		

### 1. Purpose of report

- 1.1 The purpose of this report is to present a draft of the Statement of Accounts for 2018/19 to the Committee for information (as appended), and to explain the Committee's role regarding approval and publication of this document in July 2019.
- 1.2 The Statement of Accounts includes the draft Annual Governance Statement (AGS) 2018/19 for which any comments are also sought.

### 2. Recommendations

- 2.1 The Committee notes the arrangements for approval and publication of the Council's Accounts for 2018/19.
- 2.2 The Committee reviews the draft Annual Governance Statement 2018/2019, as appended, and considers whether it wishes to make any comments on it.

### 3. Background

- 3.1 The process of closing the Accounts, and of producing the information required to enable the external auditor to give an unqualified opinion on the accounts, is both complex and time constrained.
- 3.2 The Council is statutorily required to compile its annual accounts in compliance with generally accepted accounting practice. It is also required by the Accounts and Audit Regulations 2015 to:
  - Present its annual accounts for external audit by **31st May** each year;

- Make the draft Statement of Accounts available for the exercise of public rights for a period of 30 working days, to include the first 10 working days in June (*during this period the public have the right to raise objections, inspect the accounts and question the Local Auditor*); and
- Publish its audited accounts by **31st July** each year.

3.3 The same Regulations also include a requirement to publish an Annual Governance Statement. The regulations require authorities to carry out a review of the effectiveness of their system of internal control to provide assurance that the Authority has a sound internal control framework in place to manage the risks that might prevent achievement of its statutory obligations and organisational objectives.

3.4 The Code of Corporate Governance at Essex County Council refers to a range of documents, policies and procedures that underpin our aim of achieving good governance. By 'governance' we mean the systems, processes, culture and values by which we direct and control our business.

3.5 ECC has committed to a set of seven core principles, developed by the Chartered Institute of Public Finance and Accountability (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in their paper Delivering Good Governance in Local Government: Framework 2016. The contents of our Code of Corporate Governance meet the requirements of those seven key principles and key documents can be found on our website.

#### **4. Draft Statement of Accounts for 2018/19**

4.1 The draft Statement of Accounts for 2018/19 is appended to this report, to provide assurance to the Committee that the first stages in the statutory process have been adhered to.

4.2 In accordance with the statutory requirements, the Executive Director for Corporate and Customer Services:

- Certified the draft (unaudited) Statement of Accounts for 2018/19 on **31st May** and presented the accounts to the external auditor on this date; and
- Commenced the 30-day period for the exercise of public rights on **3rd June 2019**.

4.3 The external auditor will report the results of the audit work to the Committee on **29th July**, at which stage the Committee will also be asked to approve the Statement of Accounts for publication. The Committee will be required to consider the external auditor's findings before authorising the accounts for issue.

## **5. Draft Annual Governance Statement 2018/19**

- 5.1 The draft Annual Governance Statement, which is published with the Statement of Accounts, is appended and the Committee are asked to give any comments they may have.
- 5.2 The Statement will be updated to reflect any changes requested or required by the Committee and to reflect any significant developments.
- 5.3 The Audit, Governance and Standards Committee will be asked to approve the final statement at the same meeting as it considers the Council's Statement of Accounts on **29 July 2019**.

## **6. Policy context and Outcomes Framework**

- 6.1 The Statement of Accounts for 2018/19 summarises the financial performance and financial position for the Council for the year ending 31st March 2019. As such, the Accounts provide a financial representation of activities during 2018/19 against the Organisation Strategy.

## **7. Financial Implications**

- 7.1 There are no specific financial implications associated with this report.

## **8. Legal Implications**

- 8.1 Regulation 6 of the Accounts and Audit Regulations 2015 requires the Council to conduct an annual review of its system of internal control approve an annual governance statement, prepared in accordance with proper practices in relation to internal control. The Annual Governance Statement must be approved before the Statement of Accounts are approved. The Statement of Accounts and the Annual Governance Statement must be published and placed on the Council's website.

## **9. Staffing and other resource implications**

- 9.1 There are no staffing implications associated with this report.

## **10. Equality and Diversity implications**

- 10.1 There are no equality and diversity implications associated with this report.

## **11. List of appendices**

- 11.1 **Appendix A** – Draft Statement of Accounts for 2018/19 including Annual Governance Statement.

## **12. List of Background Papers**

- 12.1 None