

Agenda Item 6

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Date	25 July 2019
Ward (s) affected	N/A
Subject	2018/19 Statement of Accounts
<p>Recommendations</p> <ol style="list-style-type: none"> 1. That the final sign-off of the 2018/19 Statement of Accounts be delegated to the Section 151 Officer, and the Chairman of Audit Committee, following receipt of an Audit Findings Report from Grant Thornton. 2. That officers be requested to consider possible amendments to the Council's Constitution, to permanently implement the delegation detailed in recommendation (1), recognising the new, shorter, timeframe for the audit process, and the consequent need to make the sign-off process as efficient as possible, and to bring proposals back to a future meeting of the Audit Committee. 	
<p>Executive Summary</p> <p>This reports requests that the Audit Committee authorises the final sign-off of the Statement of Accounts to the Section 151 Officer and the Chairman of the Audit Committee, as the two roles that legally have to sign the Accounts of behalf of Mole Valley District Council.</p>	
<p>Corporate Priority Outcomes</p> <p>Environment</p> <p>There are no issues directly relevant to this report</p>	
<p>Prosperity</p> <p>There are no issues directly relevant to this report.</p>	
<p>Community Wellbeing</p> <p>There are no issues directly relevant to this report.</p>	
<p>The Committee has the authority to determine the recommendations</p>	

1.0 Background

- 1.1 The Audit of the Council's 2018/19 Statement of Accounts has been far more positive than previous years, with the introduction of the Big Red Button, (which maps a large part of our ledger directly into the Statement of Accounts), a more

collaborative relationship with Grant Thornton and a stronger accounting team. That said, the shortness of the timescales are still challenging.

- 1.2 However, additionally this year, two changes to Pension Fund arrangements have occurred since 31 March which have a potentially material impact on the Pension Fund valuation and hence on the accounts overall. In the last couple of weeks this has led to auditors asking most Local Authorities to revalue their Pension Fund, and potentially restate their accounts.
- 1.3 The revaluation process is a complex one, and affects most of the prime statements in the Accounts. Consequently, like many authorities, Mole Valley will be hard pressed to achieve the 31 July target date for signing off the accounts. Grant Thornton have advised that this is still their target, but that they will be unlikely to be in a position to provide a draft Audit Findings Report until at least 29 July.

2.0 Next Steps

- 2.1 Councillor Brooks, as Chairman of the Audit Committee, has asked that everything possible be done to achieve the 31 July date, if at all possible. Clearly, if this is to be achieved it will not be possible to provide the final Statement of Accounts, and the associated Audit Findings Report to a formal meeting of the Audit Committee, with the normal lead in time.
- 2.2 Rather it is proposed that the Committee authorises the delegation of the final sign-off of the Statement of Accounts to the Section 151 Officer and the Chairman of the Audit Committee, (as the two roles that legally have to sign the Accounts).
- 2.3 In practice the sign off will follow an informal meeting between the Chairman, the Section 151 Officer and representatives of Grant Thornton, at which Grant Thornton will present their Audit Findings Report. This meeting, which cannot be confirmed until the audit process is essentially completed, will in all likelihood take place on 30 or 31 July. It is proposed that any Audit Committee Members who are available would be welcome to attend this meeting, to ensure that as far as possible all Committee members are engaged, and have confidence, in the process.
- 2.4 If this delegation is not authorised, a further Audit Committee will need to be convened in early August to formally consider the Audit Findings Report and sign off the Accounts, but this will obviously mean that the 31 July target will be missed.
- 2.5 In thinking about this issue, it is also worth considering the longer term implications of the new shorter timetable for the Council's sign-off of the Accounts. Although this year has the complication of the Pension Fund revaluation, it is clear, in the second year of the new timetable that the target date of 31 July is always likely to be under threat.
- 2.6 In particular given an audit process of two months in total, it is extremely questionable whether it will ever prove possible for the auditors to be in a position to produce an Audit Findings Report, effectively within six weeks, in order to facilitate formal consideration of it by Audit Committee.

- 2.7 It is therefore proposed that consideration be given to possible amendments to the Council's Constitution, to permanently implement this delegation, (recognising the new, shorter, timeframe for the audit process, and the consequent need to make the sign-off process as efficient as possible), and to bring proposals back to a future meeting of the Audit Committee.

Financial Implications

All financial implications are contained within the reports and the accounts.

Legal Implications

The Chief Financial Officer, under the Accounts & Audit Regulations 2015, is required to authorise and issue draft, unaudited Accounts by the statutory deadline of 31 May. Following the audit, the Audit Committee, delegated by the Council, is required to sign off the final audited accounts and publish them on the Council's website. In this instance, the Committee is asked to authorise the final sign-off of the Statement of Accounts to the Section 151 Officer and the Chairman of the Audit Committee, as the two roles that legally have to sign the Accounts of behalf of Mole Valley District Council.

3.0 Corporate Implications

Monitoring Officer commentary

All relevant legal implications have been taken into account.

S151 Officer commentary

All financial implications have been taken into account.

Risk Implications

Risk implications are contained within the report and Accounts.

Equalities Implications

There are no equalities implications as a direct consequence of this report

Employment Issues

There are no employment implications in this report.

Sustainability Issues

There are no sustainability implications in this report.

Consultation

There is a statutory requirement to publish the Statement of Accounts, to make the Accounts and background papers available for inspection and to advertise their availability and contact details of the External Auditor.

Communications

The Statement of Accounts will be published on the MVDC website.

Background Papers

None.