



AUDIT AND GOVERNANCE COMMITTEE	AGENDA ITEM No: 6
19 JULY 2018	PUBLIC REPORT

STATEMENT OF ACCOUNTS

1.0 PURPOSE

- 1.1. The purpose of the report is for the Audit and Governance Committee to:
- (a) Receive and approve the final Statement of Accounts 2018/19
 - (b) Receive and approve the Annual Governance Statement 2018/19

<u>DECISION REQUIRED</u>	
Lead Officer:	Jon Alsop – Head of Finance (S73)
The Audit and Governance Committee is recommended to:	
(a) Receive and approve the final Statement of Accounts 2018/19	
(b) Receive and approve the Annual Governance Statement 2018/19 as included within the Statement of Accounts.	

2.0 BACKGROUND

Approval of the Statement of Accounts 2018/19

- 2.1. According to their Terms of Reference, the Audit and Governance Committee shall:

No. 3.2 - Approve the annual statement of accounts.

No. 3.4 - Review the Annual Governance Statement prior to approval to ensure it properly reflects the risk environment and supporting assurances.

No. 3.12 – Review the annual accounts.

No. 3.13 - Consider the annual external audit of the Combined Authority's accounts, including the Annual Audit Letter, assessing the implications and monitoring managers' responses to concerns.

No. 3.14 – Consider whether accounting policies were appropriately followed and any need to report concerns to the Combined Authority Board.

No. 3.15 - Consider any issues arising from the External Auditor's audit of the accounts.

- 2.2. At its meeting held on 29 March 2019, the Audit and Governance Committee agreed the Audit plan as presented to it by Ernst and Young LLP (EY). The plan outlined the proposed audit approach and scope for the 2018/19 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities (PSAA) Ltd, auditing standards and other professional requirements.
- 2.3. The draft Statement of Accounts for the year ended 31 March 2019 were then presented to the Audit and Governance Committee on 31 May 2019.
- 2.4. The draft Statement of Accounts, together with the draft Narrative Report and draft Annual Governance Statement were then signed by Noel O'Neill, the Interim Chief Finance Officer on 31 May, and published in draft form on the Combined Authority's website together with the notice of the exercise of public rights by the due date.
- 2.5. The notice of the exercise of public rights states that the documents are unaudited and subject to change, and sets out the rights of members of the public and local government electors in the audit process.
- 2.6. Ernst & Young LLP have been auditing the draft Statement of Accounts, and will present their findings to the Audit and Governance Committee.
- 2.7. The final version of the Statement of Accounts needs to be signed and published on the Combined Authority's website by 31 July 2018.

Management Letter of Representation

- 2.8. The Chief Finance Officer (S73) is required to make representations on behalf of the Combined Authority in a number of areas in relation to the preparation of the Statement of Accounts. EY also require this letter to be signed by the Chair of the Audit and Governance Committee. The draft letter is attached at Appendix A for review by the Audit and Governance Committee.

Statement of Accounts 2018/19

- 2.9. The draft Statement of Accounts were presented to the Audit and Governance Committee for discussion and comment prior to the draft Accounts being published by the due date of 31 May 2019. The accounts have since been the subject of external audit.

2.10. As a result of additional reviews being undertaken by officers, some amendments have been made to the draft Statement of Accounts. The most significant of these changes is the re-analysis of 'work in progress' provisions between reserves. An updated version is attached at Appendix B for formal approval by the Audit and Governance Committee.

Consultation

2.11. Between 31 May 2019 and 11 July 2019, the Combined Authority's accounts have been subject to a statutory period for the exercise of public rights, where any person may inspect and take copies of the accounts and certain related documents. During this period the Cambridgeshire and Peterborough Combined Authority electors have been able to ask the external auditor questions on the accounts, and are able to object to the accounts.

2.12. According to its Terms of Reference, the Audit and Governance Committee shall consider the annual external audit of the Combined Authority's accounts, including the Annual Audit Letter, assessing the implications and monitoring managers' response to concerns.

2.13. The Audit and Governance Committee are now recommended to receive and approve the Annual Governance Statement and the Statement of Accounts.

3.0 FINANCIAL IMPLICATIONS

3.1. The fee for the planned code work is £26,950. Additional fees of £3,500 are expected for EY's 'value for money' code work and £1,000 for EY's work on the severance of the Chief Executive.

4.0 LEGAL IMPLICATIONS

4.1. As set out in the body of the report.

5.0 SIGNIFICANT IMPLICATIONS

5.1. None.

6.0 APPENDICES

- 6.1. Appendix A – Management representation letter
- 6.2. Appendix B – Final Statement of Accounts 2018/19 including the Annual Governance Statement.

<u>Source Documents</u>	<u>Location</u>
None	