



**REPORT of  
INTERIM SECTION 151 OFFICER**

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**to  
COUNCIL  
19 DECEMBER 2019**

**DRAFT STATEMENT OF ACCOUNTS 2018/19**

**1. PURPOSE OF THE REPORT**

1.1 The Performance, Governance and Audit Committee on 28 November 2019 considered a report from the Interim Section 151 Officer on the Draft Statement of Accounts 2018/19. The Committee resolved the following:

***RECOMMENDED** that the final Statement of Accounts for 2018/19, once the External Auditor's Opinion on the accounts and the judgement for Value for Money had been received, be approved.*

1.2 This report is to present to the Council (members meeting as a whole) the Draft Statement of Accounts for 2018/19 at **APPENDIX 1** for approval.

1.3 The Accounts and Audit Regulations 2015 require the Chairman of the meeting at which the Statement of Accounts are considered and approved to sign them following the consideration and approval by the meeting.

1.4 The Council's external auditor is Deloitte LLP and the financial year ended 31 March 2019 (2018/19) is their first year as the appointed external auditors.

**2. RECOMMENDATIONS**

i) that the Draft Statement of Accounts for 2018/19 as set out in **APPENDIX 1** be considered and approved.

**3. SUMMARY OF KEY ISSUES**

3.1 The content of the Statement of Accounts is determined by statutory requirements and mandatory professional standards as set out within The Code of Practice on Local Authority Accounting in the United Kingdom (The Code) and the International Financial Reporting Standards (IFRS) as applicable to local authorities.

3.2 There is a statutory requirement to publish the approved and audited Statement of Accounts by 31<sup>st</sup> July of the financial year immediately following the end of the financial year to which the statement relates. However, where this has not been possible to comply with, the Accounts and Audit Regulations 2015 allow for the

publication to be “as soon as reasonably practicable after the receipt of any report from the auditor which contains the auditor’s final findings from the audit which is issued before the conclusion of the audit”. A notice in accordance with the Regulations has been published on the Council’s website, see link below and is attached at **APPENDIX 2**.

[https://www.maldon.gov.uk/info/20070/finance/9268/the\\_councils\\_finances](https://www.maldon.gov.uk/info/20070/finance/9268/the_councils_finances)

- 3.3 The Draft Statement of Accounts 2018/19 have been signed by the Interim Section 151 Officer confirming that I am satisfied that they present a true and fair view of -
- (a) The financial position of the Council at the end of the financial year 2018/19; and,
  - (b) The authority’s income and expenditure for 2018/19.
- 3.4 The Statement of Accounts presented at **APPENDIX 1** includes an unsigned draft copy of the External Auditor’s report titled ‘Independent Auditor’s Report to the Members of Maldon District Council’. **The external auditor will only sign his opinion upon receipt of the signed copy of the Statement of Accounts from the Council. He will send his signed opinion to the Council to incorporate into a signed copy of the Statement of Accounts which will then be published in accordance with the Regulations.**
- 3.5 The term draft is used for the Statement of Accounts and the external auditors’ opinion in the context that the Statement of Accounts can only be final once they have been approved by Council and the same applies to the external auditors’ opinion.
- 3.6 The Council has made all the adjustments, amendments, corrections and provided explanations that the external auditor had identified and required in the normal course of the audit. There were two misstatements in the accounts identified by the external auditor that were corrected by the Officers and that have been brought to the attention of the Council. These are:
- Accounting for the outcome of McCloud judgement relating to a judgement that was made by the Court of Appeal on a case relating to age discrimination in respect of pensions. The judgement was after the end of the financial year. The consequences and effect of the judgement is significant and wide and not limited to this Council only. As a result, like all local authorities the Council had to ask their Pension Fund actuaries to undertake further work to quantify the impact on the Council which for this Council is £0.5m.
  - The valuation of the White Horse Lane Car Park had to be reduced by £0.6m as a result of difference of opinion on the original valuation produced by the Council’s appointed professional valuer and the external auditors’ professional valuer. This related to the assumption built into the valuation and not the methodology. The adjusted valuation was agreed between the two valuers and accepted by the external auditor and the Interim Section 151 Officer and the adjustment was made in the accounts.

#### **4. CONCLUSION**

- 4.1 Based on the work that DELOITTE LLP has substantially completed, no significant issues with the Council's accounts for 2018/19 have been identified. The Council has made the adjustments in the accounts where the external auditor identified issues that required to be adjusted.
- 4.2 The external auditor has issued his draft audit opinion and value for money judgement which indicate an unqualified or modified opinion on the accounts for 2018/19 and value for money.

#### **5. IMPACT ON STRATEGIC THEMES**

- 5.1 The report links to the Maldon District Council's Strategic Theme of providing clear direction for allocating and managing our resources, grant funding and capital expenditure.

#### **6. IMPLICATIONS**

- (i) **Impact on Customers** – None.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – None.
- (iv) **Impact on Resources (financial)** – None.
- (v) **Impact on Resources (human)** –None.
- (vi) **Impact on the Environment** – None.

Background papers: None.

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