

Audit Committee – 26 March 2021

Title of paper:	Statement of Accounts 2018/19, Addendum to Annual Governance Statement 2018/19 and Audit Findings Report – Value for money and going concern	
Director(s)/ Corporate Director(s):	Clive Heaphy Strategic Director of Finance	Wards affected: All
Report author(s) and contact details:	Susan Risdall susan.risdall@nottinghamcity.gov.uk	
Other colleagues who have provided input:	Strategic Finance – Technical Team and Internal Audit	
Recommendation(s):		
1	To consider the external auditors' Audit Findings for Nottingham City Council and Value-for-money and going concern Report (Appendix A) to those charged with governance.	
2	To note the changes to the Statement of Accounts (Appendix C) from the version presented to the Committee on 29 July 2020.	
3	To note the Addendum to the Annual Governance Statement 2018/19 set out at Appendix B.	

1 Reasons for recommendations

- 1.1 Audit Committee approved the unaudited Statement of Accounts for 2018/19 for publication on 29 July 2019. At that time, Grant Thornton had been unable to conclude their audit of the accounts due to the delays with the Robin Hood Energy audit. The outcome of the external audit was presented to the Committee in July 2020. However, the associated Value for Money report was delayed, primarily due to the imminent publication of the Public Interest Report and the findings from the Non Statutory Review, but has now been concluded and Grant Thornton are able to give their opinion.

2 Background

- 2.1 A revised draft Statement of Accounts and Annual Governance Statement were presented to Audit Committee on 31 July 2020. This report updates members on the changes to the versions presented at that meeting, which are in accordance with Grant Thornton's recommendations.
- 2.2 At the meeting on 31 July 2020, authority was delegated to the Chair of the Audit committee and the Strategic Director of Finance to approve any subsequent necessary amendments to the Statement of Accounts.
- 2.3 The External Auditors' Audit Findings for Nottingham City Council and Value-for-money and going concern Report relates to the 2018/19 financial year and the key risks as at that date.

3 Amendments to the Statement Following Audit Review

- 3.1 Amendments to the Statement of Accounts have been agreed with Grant Thornton and incorporated into the final version of the 2018/19 Statement of Accounts presented to Audit Committee today. There are three changes from the version brought to Committee on 31 July 2020.

- 3.2 Events after the Reporting Date have been updated to provide further information (Section 4.11, Page 111).
- 3.3 There is a presentational change to The Group Unusable reserves table (Section 6.7.2.7 Page 148). The Bridge Estate Trust Capital Endowment Fund balance has been consolidated into the Profit and Loss and Other Reserves of Group Entities line. Previously this was split over the Revaluation Reserve and the Capital Adjustment Account. There is no impact on the overall total.
- 3.4 There is a change to Financial Instruments – Financial Assets note (Page 77). The long-term debtor balances in controlled entities have been transferred into Financial Assets at amortised cost. The equity investment in controlled entities remains in Non-Financial instruments as these are accounted for in the Group Accounts. There is no impact on the total.

4 Addendum to the Annual Governance Statement

- 4.1 The Addendum (Appendix B) provides an update to key events since the Annual Governance Statement was presented to Audit Committee on 31 July 2020. This meets the requirement that the Annual Governance Statement includes significant events or developments relating to the governance system that have occurred between the year-end and the date on which the Statement of Accounts is signed by the responsible financial officer.

5 The Audit Findings Report for Nottingham City Council – Value for Money and Going Concern

- 5.1 The report sets out that the External Auditor intends to issues an ‘adverse’ value for money conclusion, which states that, in 2018/19, the Council did not have adequate arrangements in place. The key findings are set out in the Auditors report and include issues in relation to financial sustainability, company governance and management of significant projects
- 5.2 The actions arising from this report have been incorporated within the Recovery and Improvement Plan.

6 Background papers other than published works or those disclosing exempt or confidential information

- 6.1 None

7 Published documents referred to in compiling this report

- 7.1 Code of Practice on Local Authority Accounting in the United Kingdom 2018/19
- 7.2 Guidance Notes for Practitioners 2018/19 Accounts
- 7.3 The Accounts and Audit Regulations 2015
- 7.4 CIPFA Delivering Good Governance in Local Government Framework 2016 Edition