

29th July 2019

Statutory Accounts for 2018/19

Purpose of Report

To consider and approve the Mayoral Combined Authority's Annual Statement of Accounts for 2018/19, having first had regard to the External Auditor's audit report (ISA 260).

Thematic Priority

This report meets all six of the thematic priorities of the Strategic Economic Plan.

Freedom of Information and Schedule 12A of the Local Government Act 1972

This paper and any appendices will be made available under the Combined Authority Publication Scheme. This scheme commits the Authority to make information about how decisions are made available to the public as part of its normal business activities.

Recommendations

The MCA is asked to consider and approve the audited Annual Statement of Accounts for 2018/19, noting that there will be a late adjustment to the accounts which could not be made in time for the MCA paper publication deadline.

1. Introduction

1.1 The Accounts and Audit Regulations set out the statutory framework for local authority financial reporting. These require the publication of an authority's unaudited Statement of Accounts by 31 May and audited Statement of Accounts by 31 July.

1.2 It is the MCA's responsibility to formally approve the MCA's audited Statement of Accounts, having first had regard to external audit's findings contained in their ISA 260 report. Attached are:

- The final version of the 2018/19 Statement of Accounts for which formal approval is being sought and on which External Audit will give their opinion (Appendix 1);
- The External Auditor's ISA 260 report (Appendix 2), and;
- A presentation to the Audit & Standards Committee on 11th July 2019 (Appendix 3).

2. Proposal and justification

2.1 The MCA's Audit and Standards Committee considered the final version of the MCA's 2018/19 Statement of Accounts and received an audit progress update from External Audit at its meeting on 11th July 2019. The Committee recommended the audited Statement of Accounts to the MCA for approval, subject to SYPTE Audit & Risk Committee and

Executive Board reviewing and approving SYPTE's statement of accounts on 16th July 2019.

- 2.2** The External auditors EY have now substantially completed their audit. Their final audit report is attached as Appendix 2. Members are required to consider their audit findings before formally approving the Statement of Accounts for publication on the MCA's website. Their findings are positive in that they intend to issue an unqualified opinion on the financial statements and on the MCA's arrangements to secure value for money.
- 2.3** The Statement of Accounts on which Members are being asked to give formal approval are attached as Appendix 1. These have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and incorporate all the audit adjustments presented to and considered by Audit and Standards Committee on 11th July 2019. A further late adjustment has since come to light which has not been considered by Audit & Standards Committee regarding the treatment of a prepayment of pension contributions made by SYPTE in 2017/18. This is explained in more detail below.

Late adjustment

SYPTE prepaid pension contributions in 2017/18 covering the three year period 2017/18 to 2019/20 receiving a benefit in doing so.

The treatment agreed with the previous External Auditors was not to show the prepaid amount as a prepayment but instead to carry it within unusable reserves.

Our new external auditors have reviewed the previously agreed treatment and determined that it is not in accordance with their technical guidance. We have therefore agreed to do a Prior Period Adjustment to the Group Statement of Accounts which results in the prepayment being recognised on the balance sheet and removed from unusable reserves. The amount recognised in the 2017/18 balance sheet is £2.687m and that in 2018/19 is £1.358m. This does not impact upon the financial position of the Group or its financial plans for 2019/20.

3. Consideration of alternative approaches

- 3.1** Do nothing – this is not an option because of the statutory requirement to publish its annual Statement of Accounts.

4. Implications

4.1 Financial

The audited Statement of Accounts sets out the financial performance and financial position of the MCA both as a single entity and as a group.

4.2 Legal

The audited Statement of Accounts will need to be published on the Authority's website by 31 July in order to comply with the Accounts and Audit Regulations.

4.3 Risk Management

There are no risks associated with this report.

4.4 Equality, Diversity and Social Inclusion

There are no equality, diversity or social inclusion issues associated with this report.

5. Communications

5.1 The audited Statement of Accounts will be published on the Authority's website by 31 July.

6. Appendices/Annexes

6.1 Appendix 1 – Annual Statement of Accounts 2018/19

Appendix 2 – ISA260 – External Audit Report & Letter of Representation

Appendix 3 – Summary Presentation to Audit & Standards Committee

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: N/A