

## **FINAL ACCOUNTS 2018-19**

<b>Head of Service/Contact:</b>	Lee Duffy, Treasurer to the Conservators
<b>Annexes/Appendices (attached):</b>	<b>Annex 1</b> – 2018/19 Cost Centre Accounts <b>Annex 2</b> – Financial Statements 2018/19 <b>Annex 3</b> – Annual Governance and Accountability Return 2018/19
<b>Other available papers (not attached):</b>	Final Accounts Working Papers

### **Report summary**

**This item presents the Conservator's final accounts for the financial year 2018/19.**

### **Recommendation (s)**

- (1) That the final accounts for 2018/19 be received, subject to external audit.**
- (2) That the Conservators approve the Annual Governance Statement as set out in section 1 of Annex 3 to this report.**
- (3) That the Conservators consider and approve the Accounting Statements as set out in section 2 of Annex 3 to this report.**
- (4) That the Conservators confirm that the arrangements for the internal audit as set out in this report are effective for auditing purposes.**
- (5) That the Chairman and Clerk be authorised to sign the Annual Governance Statement and the Accounting Statements on behalf of the Conservators.**

## **1 Introduction**

- 1.1 This report presents the Conservators' final accounts for the year ended 31 March 2019.

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- 1.2 The revenue account is attached at Annex 1 and details income and expenditure for the year compared to the original budget and the forecast reported in January 2019.
- 1.3 The financial statements are attached at Annex 2 and the Annual Governance and Accountability Return, which requires approval of the Conservators, is attached at Annex 3.
- 1.4 The Annual Governance and Accountability Return will be subject to external audit between July and September 2019.

## 2 Revenue account for 2018/19

- 2.1 Overall, net expenditure was £374,951 compared to the original budget of £391,590, resulting in a surplus for the year of £16,639, which will be transferred to the working balance.
- 2.2 At Q3, a deficit of £2,433 had been forecast; the main variances to budget and the forecast are shown in the following table.

Explanation of variances	£
Car Park repairs – no expenditure in the year due to scarcity of materials.	-4,000
Reduction in spend on electricity at Keepers Hut, as an accurate meter reading was taken following a period of estimated readings/bills.	-1,108
Favourable credits were received for Tattenham Corner water and electricity accounts, as accurate meter readings were taken following a period of estimated bills. These credits were partially offset by an increase in maintenance and repairs.	-3,154
Underspend on contract payments at the Derby Gypsy Caravan Site	-1,965
Reduction in anticipated running costs for Central Expenses	-2,666
Reduction from Q3 forecast due to delay in start of consultant work on EAFRD project application	-6,300
Reduction from Q3 forecast as Operational Services SLA recovery charged on budget	-3,956

## 3 Repairs and Renewals Fund

- 3.1 The balance on the fund at 31 March 2019 was £36,001, following a budgeted contribution in year of £4,700 and interest earned of £243, as shown in the following table:

	£
<b>Balance brought forward 1 April 2018</b>	<b>31,057</b>
Budgeted contribution in 2018/19	4,700

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Interest on balance (0.68% interest rate)	243
<b>Balance carried forward 31 March 2019</b>	<b>36,001</b>

### 4 Financial Implications

- 4.1 The working balance stood at £66,224 at 31 March 2019 (£49,585 as at 31 March 2018).
- 4.2 The balance sheet debtor is Epsom and Ewell Borough Council who holds the working balance and renewals fund reserve. The Council credits interest on these sums to the Conservators' account on the average return on the Council's investments, which for 2018/19 was 0.68%.

### 5 Internal Audit

- 5.1 During 2018/19 RSM UK provided internal audit services to Epsom & Ewell Borough Council.
- 5.2 All financial transactions for the Conservators are processed through Epsom and Ewell Borough Council's financial systems and transactions recorded on the Council's financial management system.
- 5.3 During their tenure RSM UK prepared a risk-based audit strategy and an annual audit plan, which covered all of the Council's core financial systems
- 5.4 The Audit Plan was submitted annually to Epsom and Ewell Borough Council's Audit, Crime & Disorder & Scrutiny Committee who act as an audit committee under the Council's constitution.
- 5.5 The Audit, Crime & Disorder & Scrutiny Committee also receive quarterly audit progress reports and a year-end assurance report.
- 5.6 From 01 April 2019, Southern Internal Audit Partnership have been appointed by Epsom and Ewell Borough Council to provide internal audit services to the Council, which includes completion of the Internal Audit Report within the Conservator's Annual Governance and Accountability Return.
- 5.7 The role and scope of the Southern Internal Audit Partnership is detailed within the Internal Audit Charter which was presented to the Audit, Crime & Disorder & Scrutiny Committee on 16 April 2019.
- 5.8 Where appropriate the Southern Internal Audit Partnership have taken assurance from the work of Epsom & Ewell Borough Council's internal auditors during 2018/19 in their sign-off of the Annual Governance and Accountability Return.

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### **6 Annual Governance and Accountability Return**

- 6.1 Smaller Bodies in England must complete and submit an annual return, known as the Annual Governance and Accountability Return (AGAR) to the appointed external auditor. PKF Littlejohn LLP are the appointed external auditor to all relevant smaller authorities in Surrey for 5 years from 2017/18. The AGAR for the year ending 31 March 2019 is attached at Annex 3.
- 6.2 Any significant changes to the AGAR following external audit will be reported back to the Conservators.
- 6.3 Each smaller authority is required by law:
  - 6.3.1 To prepare Accounting Statements for the year ended 31 March 2019 in the form required by proper practices (the relevant AGAR, Part 1, 2 or 3)
  - 6.3.2 To approve and publish the AGAR including Accounting Statements
  - 6.3.3 To provide for the exercise of public rights
  - 6.3.4 To publish the AGAR, including the signed external auditor's report, by 30 September 2019.
- 6.4 With regard to the AGAR, the Conservators will note that:-
  - 6.4.1 The detailed budget is submitted to the Conservators each year prior to contributions being levied from constituent bodies.
  - 6.4.2 Officers monitor the account as part of the Council's budget monitoring arrangements with quarterly monitoring reports and monthly reviews of major variances.
  - 6.4.3 The Treasurer presents a mid-year monitoring report to the Conservators.
  - 6.4.4 The Treasurer presents a year-end report to the Conservators.
  - 6.4.5 All transactions are subject to the Council's financial management and internal control arrangements.
  - 6.4.6 The Council's financial processes and operational activity are subject to risk profile as part of the audit needs assessment.

### **7 Previous audit of the accounts for the year ended 31 March 2018**

- 7.1 PKF Littlejohn LLP completed the external audit of the accounts for the year ended 31 March 2018.

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- 7.2 The auditors concluded that the accounts had been prepared in accordance with proper practices and raised no matters of concern.
- 7.3 The accounts and audit documents are published on the Council's website, in accordance with the Accounts and Audit Regulations 2015, at <https://www.epsom-ewell.gov.uk/financialreports>

### 8 Risk Assessment

- 8.1 The working balance of £66,224 at the year-end is approximately 18% of net expenditure and is considered adequate for meeting unforeseen expenditure. The Conservators will need to assess further withdrawals from the working balance to ensure sufficient funds are available.
- 8.2 An updated Risk Register was provided at the meeting on 8th October 2018.

### 9 Proposals

- 9.1 It is proposed that:-
  - 9.1.1 The final accounts for 2018/19 be received
  - 9.1.2 The Conservators approve the Annual Governance Statement
  - 9.1.3 The Conservators approve the Accounting Statements
  - 9.1.4 The Conservators confirm that the arrangements for internal audit as set out in this report are effective for the purpose of the Committee.
  - 9.1.5 The Chairman and Clerk be authorised to sign the Annual Governance Statement.

**Ward(s) Affected:** College Ward; Woodcote Ward;