

Audit and Governance Committee – 16 October 2020

Audited Statement of Accounts 2019/2020

Report of the Executive Director of Corporate Services

1.0 PURPOSE OF REPORT

- 1.1 To provide Members with the Letters of Assurance required by the external auditor as part of the final accounts process and to present the Letter of Representation for 2019/2020.
- 1.2 To receive the Audit Completion Report received from the Council's external auditor, Mazars LLP, concerning the financial statements for 2019/2020, which provides their opinion on both the Council's Statement of Accounts and its arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money).
- 1.3 To provide an audited Statement of Accounts for 2019/2020, revised to take into account the auditor's findings, for approval by the Committee.

2.0 DESCRIPTION OF DECISION

- 2.1 Members are recommended to:
 - 2.1.1 Note the contents of the Letter of Assurance from those charged with governance (Appendix A) and the Letter of Assurance from those charged with discharging management processes and responsibilities (Appendix B);
 - 2.1.2 Note the contents of the Letter of Representation (Appendix C);
 - 2.1.3 Note the contents of the Audit Completion Report (Appendix D) provided by Mazars LLP;
 - 2.1.4 Approve the revised Audited Statement of Accounts for the financial year ended 31 March 2020 (Appendix E); and
 - 2.1.5 Agree that, should any amendments to the Statement of Accounts be required after the meeting of the Audit and Governance Committee, but prior to being signed off by 30 November 2020 at the latest, these be agreed by the Executive Director of Corporate Services in conjunction with the Chair.

3.0 BACKGROUND

- 3.1 The Accounts and Audit (Coronavirus) Amendments Regulations 2020 extended the statutory audit deadline for 2019/2020 for all local authorities. This extension gave the Council to the end of August to publish draft accounts and to the end of November to publish audited accounts. The draft accounts

were circulated and published online on the 30 June 2020, in line with the extended statutory deadline.

- 3.2 A Letter of Representation has to be prepared by the Section 151 Officer which sets out the principles used in preparing the accounts and provides the external auditor with the necessary assurances required by regulation.
- 3.3 Mazars LLP are required to report on the final accounts, and report other certain matters to Members prior to an opinion being provided on the Council's accounts.
- 3.4 Mazars LLP has audited the financial statements of the Council in accordance with the Local Audit and Accountability Act 2014, the Code of Audit Practice issued by the National Audit Office and International Standards on Auditing (ISA) issued by the Auditing Practices Board.
- 3.5 Once the Audit and Governance Committee has noted the contents of this report, Mazars LLP can then formally provide an opinion on the Statement of Accounts for the year ended 31 March 2020.
- 3.6 In line with auditing standards, Mazars LLP produces an Audit Completion Report, in which the auditor's opinion is that the financial statements present a true and fair view of the financial position of the Council as at 31 March 2020 and the Group's expenditure and income for the year then ended. The Audit Completion Report 2019/2020 is included at Appendix D on the agenda. The Audit Completion Report is in addition to the Annual Audit Letter which will be issued in due course.
- 3.7 The revised Statement of Accounts 2019/2020 is set out at Appendix E on the agenda for approval.

4.0 KEY MESSAGES

- 4.1 The full communication is included in the Audit Completion Report, and in summary concludes that:
 - The auditors propose issuing an unqualified opinion on the financial statements, including drawing attention to two key audit matters relating to the valuers' material uncertainty statements regarding the value of the net pension liability and also property, plant and equipment and investment properties;
 - The auditors anticipate concluding that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources, except for the areas which were assessed as inadequate by Ofsted in their report on Children's Services in July 2018;
 - The National Audit Office have not yet issued auditors with their group instructions in relation to the Whole of Government Accounts (WGA). The

auditors will complete the required work to the MHCLG timetable as soon as possible once these details have been clarified; and

- No objections or questions have been received by the auditors from local electors during the audit.

5.0 AMENDMENTS TO THE ACCOUNTS

- 5.1 The auditors have identified a number of misstatements in the accounts. These are not considered to be material therefore no adjustments have been made to the accounts. The misstatements are detailed within the Letter of Representation at Appendix C as well as in the auditor's Audit Completion Report at Appendix D.
- 5.2 Some minor points and presentational changes have been reflected in the revised accounts. These are summarised in section 5 of the Audit Completion Report at Appendix D.

6.0 SIGNIFICANT ITEMS OF WORK STILL TO BE FINALISED

- 6.1 The assurance from the Pension Fund auditor has not yet been received and considered by Mazars LLP. Any issues arising will be brought to Members' attention.
- 6.2 Work is still being finalised on Property, Plant and Equipment, including consideration of the valuation of the Council's shared waste facility.
- 6.3 The Letter of Representation at Appendix C sets out the principles used in preparing the accounts and provides the external auditor with the necessary assurances. Once the outstanding work has been completed, the unadjusted misstatements will be added to the Letter of Representation and circulated to Members.

7.0 FORMAL OPINION

- 7.1 Mazars LLP will formally provide an opinion on the Statement of Accounts, on or before 30 November 2020, by which time the Council is required to publish its Audited Statement of Accounts for 2019/2020 and place the audited accounts on its web site appropriately signed by the Chair of this Committee and re-signed by the Section 151 Officer in line with reporting requirements set out in the Accounts and Audit Regulations 2015.