

## STATEMENT OF ACCOUNTS 2019/20 - OUTCOME OF EXTERNAL AUDIT

Audit Committee - 3 November 2020

**Report of:** Deputy Chief Executive and Chief Officer - Finance and Trading

**Status:** For Decision

**Key Decision:** No

**Executive Summary:** The report set out the external audit findings of the 2019/20 financial statements

**This report supports the Key Aim of:** effective management of the Council's resources.

**Portfolio Holder:** Cllr. Matthew Dickins

**Contact Officers:** Alan Mitchell Ext. 7483

Adrian Rowbotham Ext. 7153

**Recommendation to Audit Committee:** That

- (a) the Statement of Accounts 2019/20 be approved and signed (Appendix D).
- (b) the letter of representation (Appendix B) be approved and signed.

**Reason for recommendation:**

It is a legal requirement under regulation 10 of the Accounts and Audit Regulations 2003 for the audit committee to review and approve the Statement of Accounts.

### Introduction and Background

- 1 A draft statement of accounts was reviewed by a working group from the Audit Committee on 14 August 2020.
- 2 The external audit of the accounts began on 6 July and the Audit Findings Report in Appendix A sets out the findings and the changes to the accounts agreed as part of the process. The report also sets out the auditor's Value for Money (VfM) conclusion for 2019/20.

- 3 The external auditor Lead Partner, Sarah Ironmonger from Grant Thornton, will attend the meeting to discuss their report on the 2019/20 audit. The accounts are required to be signed off by 30 November 2020.
- 4 The Audited Statement of Accounts 2019/20 is attached at Appendix D.
- 5 A copy of the letter of representation from the Council to the external auditors is attached at Appendix B.
- 6 The format of the statement has been compiled in line with International Financial Reporting Standards (IFRS). Due to the size of operations, group accounts are now required to incorporate the subsidiary companies.

### **Review by Working Group**

- 7 At the meeting of the working group on 14 August, the Head of Finance explained the most important items in the financial statements and provided detailed answers to questions raised by Members.
- 8 Members examined the Statement of Accounts and the Narrative Statement and the report of the working group is appended to this report at Appendix C

### **Commentary on the Auditor's Report**

#### Audit Findings

- 9 Grant Thornton have stated that the accounts give a true and fair view of the Council's financial position, and have been properly prepared in accordance with the Code of Practice.
- 10 No adjustments were identified that affected the Council's reported financial position and no changes were required to the major statements. The audit was completed within the revised fee of £42,230, and Grant Thornton have reported that the quality of the draft statements presented for audit was good and free of errors.
- 11 The audit findings are as set out in the Audit Findings Report (Appendix A).

#### Value for Money

- 12 Grant Thornton have issued an unqualified conclusion to the arrangements for Value for Money. They are satisfied that in all significant respects the Authority has put in place proper arrangements for securing economy efficiency and effectiveness in its use of resources for year ended 31 March 2020.
- 13 Grant Thornton consider the Councils risk management arrangements to be adequate and they have noted a good level of challenge and discussion around the level of risk assigned to the Property Investment Strategy.

## Redmond Review

- 14 The Redmond Review was launched in September 2019 and its purpose to was to assess the effectiveness of audit in local authorities and the transparency of the financial reporting. Grant Thornton have provided some PowerPoint slides ( Appendix E) to provide a summary of the review and its findings.

## **Summary**

- 15 We would like to express our thanks to Grant Thornton for their efforts in completing the required audit work, particularly in these unprecedented and difficult times to report to this Committee.
- 16 The Finance Team completed the 2019/20 financial statements 2 months ahead of the required deadline of 31 August.

## **Key Implications**

### Financial

All financial implications are covered within this report.

### Legal Implications and Risk Assessment Statement.

Under section 151 of the Local Government Act 1972 the section 151 officer (Deputy Chief Executive and Chief Officer - Finance and Trading has statutory duties in relation to the financial administration and stewardship of the authority.

The Audit Committee should review the financial statements and approved under regulation 10 of the Accounts and Audit Regulations 2003, and again, in conjunction with the external auditor's SAS 610 (ISA 260) report to those charged with governance, following completion of the audit. The committee's review of the financial statements should focus on:

- the suitability of accounting policies and treatments
- any changes in accounting policies and treatments
- major judgemental areas
- significant adjustments and material weaknesses in internal control reported by the external auditor.

### Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

## **Conclusions**

Members will note that there are no material issues to be brought to the attention of the Committee and that the external auditor expects to issue an unqualified opinion on the financial statements and value for money conclusion.

### **Appendices**

Appendix A - Grant Thornton Audit Findings Report 2019/20

Appendix B - Letter of Representation

Appendix C - Minutes from the Member Working Group

Appendix D - Audited Statement of Accounts 2019/20

Appendix E - Local Government audit and financial reporting - the Redmond Review

### **Background Papers**

None

**Adrian Rowbotham**

**Deputy Chief Executive and Chief Officer - Finance and Trading**