

Finance and Audit Scrutiny Committee  
30 September 2020

**Title: Statement of Accounts and Audit Findings Report**

**Lead Officer: Mike Snow/Andrew Rollins**

**Portfolio Holder: Richard Hales**

**Public report**

**Wards of the District directly affected: N/A**

Contrary to the policy framework: No

Contrary to the budgetary framework: No

Key Decision: No

Included within the Forward Plan: N/A

Equality Impact Assessment Undertaken: N/A

Consultation & Community Engagement: N/A

Final Decision: Yes

**Officer/Councillor Approval**

<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive	25/09/2020	Chris Elliott
Head of Service	25/09/2020	Mike Snow
CMT	25/09/2020	
Section 151 Officer	25/09/2020	Mike Snow
Monitoring Officer	25/09/2020	Andrew Jones
Finance	25/09/2020	Andrew Rollins
Portfolio Holder(s)	25/09/2020	Richard Hales

## 1. Summary

- 1.1 This report presents the 2019/20 Audited Statement of Accounts to be agreed by the Committee. The External Auditor's Audit Findings Report is presented.

## 2. Recommendation

2.1. It is recommended that the Committee:-

- a) Notes the 2019/20 Audit Findings Report.
- b) Approves the letter of representation on behalf of the Council.
- c) Approves the 2019/20 Audited Statement of Accounts, with the changes having been made.
- d) Agrees that authority be delegated to the Chairman of Finance and Audit Scrutiny to agree any final changes to the accounts if required from the final work of the external auditors.

## 3. Reasons for the Recommendation

- 3.1 The draft 2019/20 Statement of Accounts were published on the 18 June. As previously reported, due to the Covid crisis, the statutory deadline for this in the current year has moved in the current year from 31 May to 31 August. The accounts have subsequently been subject to audit by Grant Thornton, the Council's external auditors. The date for the audited accounts to be signed off has been shifted from 31 July to 30 November.
- 3.2 Members will note from the Audit Findings Report from Grant Thornton, that the audit of the accounts has gone well in the circumstances. The report does explain how there have been some problems in carrying out some elements of the audit using remote working. However, despite this, the Accountants and Auditors have worked together to complete the audit.
- 3.3 There has been one significant adjustment to the draft accounts. This relates to Assets under Construction being revalued before being brought into use, rather than at historic cost as per the Accounting Code. This does impact on the Comprehensive Income and Expenditure Statement (decreases expenditure) and Balance Sheet (increases asset value). It does not impact upon the Council's usable financial resources.
- 3.4 There have been some minor changes to the accounts, agreed with Grant Thornton, these mostly being presentational. More details of these can be found within Appendix C of the Grant Thornton Report.
- 3.5 These are two misstatements within the accounts for which it is proposed not to adjust the accounts. These are:-
- **Property Plant and Equipment (PP&E).**  
The value of PP&E per the financial statements is £501,725k. The value of assets per the underlying asset register is £501,775k, a difference of £50k. Given the value of the total assets within the balance sheet is over £0.5bn,

this difference is not deemed significant for the purpose of the accounts. Officers will ensure this difference is investigated and corrected for the 2020/21 Accounts.

- **Net Pension Liability**

The Council has received a revised pension report from the actuaries to reflect the actual return on plan assets for the year to 31 March 2020. The impact of this would be a revised estimated net pension liability of £40.476m, a reduction in the liability of £415k. As the estimated pensions liabilities are expected to arise over a significant timescale (c20 years), and will be recovered with future pension contributions, it has been agreed not to adjust for these later figures.

- 3.6 Further to the completion of the draft accounts, the Accountants has established that £281,400 earmarked reserves were wrongly charged to the General Fund instead of the Housing Revenue Account. This has been adjusted for within the final Statements here, in agreement with the auditors. This, in conjunction with some other minor adjustments, does mean that the General Fund has an additional £316,000 resources; consideration of the use of this will be addressed within a future Budget report. For the Housing Revenue Account, this change, in conjunction with some other minor adjustments, means the contribution to the HRA Capital Investment Reserve has reduced from £4.090m to £3.762m.
- 3.7 The audit of the accounts is now virtually complete, with the Audit Findings Report from the external auditors having been issued (attached). Consequently, Members are asked to approve both the letter of representation (attached) and the Audited Statement of Accounts.
- 3.8 Unfortunately, the Grant Thornton will not be able to issue their final audit Statement and so sign off the Accounts until the Warwickshire County Council Accounts have been signed off. This is because of the District Council accounts being reliant on the pensions fund figures within the WCC Accounts. The WCC accounts are expected to be signed off during October.
- 3.9 Should the final work by Grant Thornton require any further changes to the Council's Statement of Accounts, it is recommended that these are agreed by the Chairman of the Finance and Audit Scrutiny Committee.
- 3.10 A review of the closedown and production of the 2019/20 Accounts is due to commence on 19<sup>th</sup> October. This will focus on some of the areas that presented a significant challenge as a result of the move to remote working, and also seek to address the issues outlined in the Audit Findings Report.
- 3.11 Having the audited accounts signed off well ahead of the November deadline in the current environment is a major achievement. This has entailed hard work by the Accountancy Team and from officers across the Council, and also from the external auditors. The close working from all involved has been important in enabling the Council to get to this position. It is understood that the Council is in a far better position here than many local authorities.

## **4. Policy Framework**

### **4.1. Fit for the Future (FFF)**

4.1.1. The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects.

4.1.2. The FFF Strategy has 3 strands, People, Services and Money, and each has an external and internal element to it, the details of which can be found [on the Council's website](#). The detail below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

### **4.2. FFF Strands**

#### **4.2.1 External impacts of proposal(s)**

**People - Health, Homes, Communities**

**Services - Green, Clean, Safe**

**Money- Infrastructure, Enterprise, Employment**

The audited accounts support all strands of FFF by way of confirming how the Council is using its resources.

#### **4.2.2. Internal impacts of the proposal(s)**

**People - Effective Staff**

**Services - Maintain or Improve Services**

**Money - Firm Financial Footing over the Longer Term**

The audited accounts support all strands of FFF by way of confirming how the Council is using its resources.

### **4.3 Supporting Strategies**

Each strand of the FFF Strategy has several supporting strategies. The 2019/20 Accounts are consistent with the relevant supporting strategies.

### **4.4 Changes to Existing Policies**

No proposed changes to existing policies are proposed.

### **4.5 Impact Assessments**

The Council's Final Accounts cover the community throughout the District. It is a statement of fact and officers will have considered any impact when amending their budgets.

**5. Budgetary Framework**

- 5.1 The original cost of the audit was agreed at £41,290, as part of the appointment made following tenders managed by Public Sector Audit Appointment (PSAA). A further £7,500 was agreed by PSAA, as for 2018/19, in respect of additional in respect of pensions and work required by the Financial Reporting Council.
- 5.2 As detailed in the report to Finance and Audit Scrutiny Committee and within the Auditors' report here, additional time spent on this audit may need to be subject to an additional fee. Again, this would need to be agreed by PSAA.

**6. Risks**

- 6.1 The closure of the Accounts continues to be a key project across the Council. This has had detailed action plans, and a Risk Register that has also been reported.
- 6.2 The Risk Register will be reviewed and updated ahead of the 2020/21 closure.

**7. Alternative Option(s) considered**

- 7.1 No alternative options are presented for consideration.