

Annual Accounts 2019/20

Final Decision-Maker	Audit, Governance & Standards Committee
Lead Head of Service	Ellie Dunnet, Head of Finance
Lead Officer and Report Author	Paul Holland, Senior Finance Manager (Client)
Classification	Public
Wards affected	All

Executive Summary

This report updates the Statement of Accounts 2019/20 that were submitted for approval to the Committee on 29 July 2020. The updated document reflects amendments made following further audit work that was undertaken after the last meeting.

Purpose of Report

The Committee is asked to approve the amended final 2019/20 statement of accounts (Appendix 1).

This report makes the following recommendations to this Committee:

1. That the amended audited Statement of Accounts attached at Appendix 1 is approved.
2. That in the event of any further non-material changes being required to the Statement of Accounts, approval be delegated to the Director of Finance and Business Improvement, in consultation with the Chair and Vice Chair of this committee.

Timetable

Meeting	Date
Audit, Governance & Standards Committee	14 September 2020

Accounts 2019/20

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	We do not expect the recommendations will by themselves materially affect achievement of corporate priorities. However, they will support the Council's overall achievement of its aims in demonstrating accountability and value for money.	Director of Finance and Business Improvement
Cross Cutting Objectives	There is no specific implication, however sound financial management does support the delivery of the Council's cross cutting objectives.	Director of Finance and Business Improvement
Risk Management	This is detailed within section 5.	Director of Finance and Business Improvement
Financial	The Statement of Accounts provides an overview of income and expenditure for the financial year to 31 March 2020, and details the council's assets, liabilities and reserves at this date.	Director of Finance and Business Improvement
Staffing	No implications identified.	Director of Finance and Business Improvement
Legal	<p>Under section 151 of the Local Government Act (LGA 1972), the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including advising on the corporate financial position and providing financial information.</p> <p>It is a function of the Audit, Governance and Standards Committee to review and approve the annual statement of accounts and to consider if appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Policy and Resources Committee or Council.</p>	Team Leader (Corporate Governance), MKLS
Privacy and Data Protection	There are no specific privacy or data protection issues to address.	Team Leader (Corporate Governance),

		MKLS
Equalities	No implications identified.	Director of Finance and Business Improvement
Public Health	No implications identified.	Director of Finance and Business Improvement
Crime and Disorder	No implications identified.	Director of Finance and Business Improvement
Procurement	No implications identified.	Director of Finance and Business Improvement

2. INTRODUCTION AND BACKGROUND

2.1 The Council is required to have its audited Statement of Accounts approved by the Audit, Governance and Standards Committee by 30 November 2020 in accordance with the amended Accounts & Audit Regulations.

2.2 The Statement of Accounts consists of:

Narrative Report – this summarises the Council’s performance over the financial year 2019/20 and highlights the most significant elements of the financial statements.

Comprehensive Income and Expenditure Statement (CIES) – shows the accounting position of the council, and whether operations have resulted in a net surplus or deficit. The accounting position includes cash payments made to employees and for services, as well as non-cash expenditure such as depreciation and accruals. It also shows all sources of income received and accrued in the year. Accrued expenditure represents the value of goods or services received by the authority by 31 March which have not been paid. Similarly, accrued income represents income due, but not yet received.

Movement in Reserves Statement – this is a financial statement which details the balances the council held in reserves at 31 March 20, analysed into usable reserves (such as the general fund, earmarked balances and capital receipts reserve) and unusable reserves (such as the pensions

reserve, revaluation reserve and capital adjustment account).

Balance Sheet – this can be seen as a ‘snapshot’ of the authority’s financial position at a specific point in time, showing what it owns and owes at 31 March 2020.

Cash Flow Statement – sets out the authority's cash receipts and payments during the year, and analyses them into operating, investing and financing activities.

Accounting Policies and Supporting Notes – additional information provided to add context to the numbers presented in the main financial statements, and details judgements made by management in preparing this information.

Collection Fund Statement – this sets out income and expenditure in relation to Council Tax and Business Rates, and represents the position of the Council’s role as a billing authority in collection revenue on behalf of other bodies.

- 2.3 The council’s financial statements must comply with CIPFA’s Code of Practice on Local Authority Accounting, which is based on International Financial Reporting Standards (IFRS). Both frameworks require a number of complex and detailed disclosures which accompany the main financial statements.
- 2.4 Due to the impact of the Covid-19 pandemic on local authorities the Government amended the deadlines for the publication and approval of the accounts. The date for publication was amended from 31 May 2020 to 31 August 2020, and the date for formal approval amended from 31 July 2020 to 30 November 2020.
- 2.5 However, the decision was taken to seek earlier approval as this will enable a greater focus on the upcoming budget cycle which will take on more significance than usual given the financial pressures that the Council will now need to address.
- 2.6 Members will recall that the external audit had not been completed at the time of the last Committee meeting. Their subsequent work did identify some adjustments that needed to be made to the capital figures in the Statement.
- 2.7 The audited version of the Statement proposed for approval at this meeting is attached at Appendix 1.
- 2.8 The significant changes from the Statement of Accounts submitted to the last meeting can be summarised as follows:
 - Brunswick Street car park should have been written out of the Property, Plant & Equipment balance following the disposal of the site for development of housing. The net value of the car park was £0.273m.

- The car park at the Lockmeadow complex is now included as a separate asset as part of Property, Plant & Equipment. It had previously been included within the overall valuation of the complex. The car park has been valued at £2.825m. The Balance Sheet figures for 2018/19 have been restated to reflect this, along with a number of other notes.
- 2.9 As was referenced at the last Committee meeting, at the date of drafting this report there remains some work in progress by the auditors in the following areas:
- seeking assurance around the pensions figures provided by the actuary
 - completion of testing of asset valuations
 - checking the final accounts document including amendments
- 2.10 An update on these items will be provided to committee members on or before the meeting on 14 September.
- 2.11 It is possible that in finalising this work, further changes to the accounts may be required. The committee is therefore asked to delegate approval of any non-material changes to the Director of Finance and Business Improvement, in consultation with the Chair and Vice Chair of the committee. This would enable such changes to be made to the financial statements without seeking re-approval from the committee in November. In the event that material changes are required, it may be necessary to bring back the Statement of Accounts for further approval by the committee at its meeting in November. This would still allow sufficient time for the statutory deadlines for approving the financial statements for 2019/20 to be met.
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3. AVAILABLE OPTIONS

- 3.1 The recommendation being made to the Committee is to approve the amended Statement of Accounts for 2019/20, taking into consideration the work of the external auditor.
- 3.2 If the Committee chose not to approve the Statement of Accounts, this would result in the Council failing to meet its statutory responsibilities under the Accounts and Audit Regulations.
- 3.3 The Committee is also asked to delegate approval of any further non-material changes to the accounts to the Director of Finance and Business Improvement, in consultation with the Chair and Vice Chair of the committee. This delegation would only be exercised if non-material adjustments to the accounts were identified following the committee meeting on 14 September.
- 3.4 The committee could choose not to delegate this responsibility. The impact of this would be a potential delay in finalising the 2019/20 audit, and the accounts would need to be brought back to the committee's November meeting for re-approval.
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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 The formal approval of the Statement of Accounts is a statutory requirement. It is anticipated that the external auditor's opinion will conclude that the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2020 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

4.2 On this basis, it is considered appropriate for the Committee to approve the audited Statement of Accounts for 2019/20.

5. RISK

5.1 Failure to meet the statutory deadline for production and audit of the annual accounts would result in this being highlighted in Public Sector Audit Appointments Limited's report on the results of auditors' work. The impact of this risk materialising would have largely reputational repercussions for the Council, and would limit the Council's capacity to demonstrate accountability and value for money in its use of public funds. This risk has been considered with reference to the Council's risk management framework, and is considered to be within acceptable levels.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

6.1 Members of the public have legal rights to inspect, ask questions about and challenge items in the Council's accounts. Details of this have been published on the Council's website and the statutory period ended on 17 August. No enquiries were received in relation to this.

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

7.1 The external auditor is required to issue the audit opinion by 30 November.

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix 1: Audited Statement of Accounts 2019/20
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9. BACKGROUND PAPERS

None