

# ARUN DISTRICT COUNCIL

## REPORT TO AUDIT AND GOVERNANCE COMMITTEE ON 30 July 2020

### PART A: REPORT

**SUBJECT:** Audit Progress and Audit Plan – update Reports for the Year Ended 31 March 2020

**REPORT AUTHOR:** Carolin Martlew, Financial Services Manager

**DATE:** July 2020

**EXTN:** 37568

**PORTFOLIO AREA:** Corporate Resources

### EXECUTIVE SUMMARY:

The Audit Progress and Audit Plan – update reports for the year ended 31 March 2020, which will be presented to the Council's external auditors Ernst and Young LLP (EY), are attached to this report.

### RECOMMENDATIONS:

#### RECOMMENDATIONS

The Committee is requested to:

- i. Note the progress on the audit of the financial statement for the year ended 31 March 2020

### 1. BACKGROUND:

- 1.1 The deadlines for the preparation of the Accounts have been changed for 2019/20. Having considered the impact of the Covid-19 pandemic and in consultation with key stakeholders, the MHCLG introduced the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which have amended the Accounts and Audit Regulations 2020. The draft Accounts must now be submitted for audit by 31 August 2020 (31 May 2020 previously) and the timeline for conclusion of the Audit is now 30 November 2020 (31 July 2020).
- 1.2 The Accounts were submitted to the External Auditor on 9 June 2020, significantly ahead of the revised statutory deadline and the approval of the Statement of Accounts by the Audit and Governance Committee is still planned for 30 July 2020 in line with the original deadlines. The audit commenced on 29 June 2020 (in line with the original Audit Plan) and will not be completed until the meeting of the Committee on 30 July 2020. It was noted at the time that there was an increased risk of not meeting the publication deadlines due to the exceptional circumstances surrounding the Corona virus pandemic.
- 1.3 The public inspection period commenced on 15 June and finished on 27 July 2020. At this time we are not aware of any objections raised with EY.

- 1.4 The audited accounts, together with the auditor's opinion, are required to be published by 30 November 2020.
- 1.5 It has not been possible to complete the audit results report in time for the publications deadline and it is therefore now necessary to publish at a later date, which will constitute a special meeting of the Committee. Officers and external auditors are still working towards concluding the audit as near to the 31 July as possible.
- 1.6 The draft (unaudited Accounts) for 2019/20 are available on the website [Draft Statement of Accounts 2019/20](#).

## 2. PROPOSAL(S):

### Overview of the Financial Statements

- 2.1 The Statement of Accounts summarises the Council's financial transactions for 2019/20 year and its financial position at 31 March 2020. It is comprised of the: Narrative Report; Statement of Responsibilities; Core Financial Statements; Notes to the Accounts (including Accounting Policies); Supplementary Statements; and Auditor's opinion.
- 2.2 The core financial statements are comprised of the:
- Comprehensive Income and Expenditure Statement
  - Movement in Reserves Statement
  - Balance Sheet
  - Cash Flow Statement
- 2.3 The Supplementary Financial Statements are comprised of the:
- Housing Revenue Account and notes; and
  - Collection Fund Statement and notes.

### Audit of the Statement of Accounts 2019/20

- 2.4 The Audit Progress Report is attached to this report and a further verbal update will be given by officers and EY at the meeting.
- 2.5 The Audit Plan Report – update is also attached to this report for discussion at the meeting.

## 3. OPTIONS:

n/a

## 4. CONSULTATION:

Has consultation been undertaken with:	YES	NO
Relevant Town/Parish Council		✓
Relevant District Ward Councillors		✓
Other groups/persons (please specify)		

5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 6 below)	YES	NO
Financial	✓	
Legal	✓	
Human Rights/Equality Impact Assessment		✓
Community Safety including Section 17 of Crime & Disorder Act		✓
Sustainability		✓
Asset Management/Property/Land		✓
Technology		✓
Other (please explain)		

**6. IMPLICATIONS:**

To keep the committee updated on the progress of the external audit of the financial statements for 2019/20.

The Letter of Representation and the Statement of Accounts 2019/20 are required to be approved by the Audit and Governance Committee in time for the statutory deadline of 30<sup>th</sup> November 2020 and will be considered at a future meeting of the Committee.

**7. REASON FOR THE DECISION:**

To update the Committee on progress to date on the audit of the financial statement.

**8. BACKGROUND PAPERS:**

Draft Statement of Accounts 2019/20 [Draft Statement of Accounts 2019/20](#)

The Code of Practice on Local Authority Accounting in the United Kingdom 2019/20