

ARUN DISTRICT COUNCIL

REPORT TO AUDIT AND GOVERNANCE COMMITTEE ON 19 November 2020

PART A: REPORT

SUBJECT: Annual Statement of Accounts 2019/20 and Letter of Representation

REPORT AUTHOR: Carolin Martlew, Financial Services Manager

DATE: July 2020

EXTN: 37568

PORTFOLIO AREA: Corporate Resources

EXECUTIVE SUMMARY:

This report provides information about the audit of the Council's 2019/20 Statement of Accounts (accounts) and recommends the approval of the 2019/20 accounts and the Letter of Representation on behalf of the Council.

RECOMMENDATIONS:

RECOMMENDATIONS

The Committee is requested to:

- i. Note the findings of the EY Audit Results Report (previous item on the agenda);
- ii. Approve the Letter of Representation on behalf of the Council in appendix 1; and
- iii. Approve the Statement of Accounts for the financial year ended 31 March 2020 (Appendix 2).

1. BACKGROUND:

- 1.1 The Council's external auditors EY provided the committee an audit progress update report at its meeting on 30 July 2020, which explained that the deadlines for the preparation of the Accounts had been extended for 2019/20 due to the Covid-19 pandemic. The deadline for the submission of the draft Accounts for audit by was extended to 31 August 2020 (from 31 May 2020) and the deadline for the conclusion of the Audit was extended to 30 November 2020 (31 July 2020).
- 1.2 The Accounts were submitted to the External Auditors on 9 June 2020, significantly ahead of the revised statutory deadline. The audit commenced on 29 June 2020 (in line with the original Audit Plan). Although the audit was substantially completed by the meeting of the committee on 30 July 2020, it could not be completed due to additional audit requirements around the going concern assumption and asset valuations due to C-19, as well as the completion of the audit of the West Sussex Pension Fund. The committee was updated on these issues on 30 July 2020 in the Audit update report presented by the Council's

Auditors.

- 1.3 This report was preceded by the Audit Results Report issued by EY.
- 1.4 The audited accounts, together with the auditor's opinion, are required to be published by 30 November 2020.
- 1.5 The Statement of Accounts for 2019/20 for approval by the committee are contained in appendix 2 to this report.

2. PROPOSAL(S):

Overview of the Financial Statements

- 2.1 The Statement of Accounts summarises the Council's financial transactions for 2019/20 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 meeting will focus on the core financial statements and the Supplementary financial Statements. 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 Members are requested to note the content of the Audit Results Report (previous item on the agenda).
- 2.5 Members are requested to approve the Letter of Representation appendix 1. The Audit Results Report identified the following misstatement, which the Council has chosen not to correct, as the amounts are not material, individually and collectively. (i.e. the amount is unlikely to influence the decisions or assessments of users taken on the basis of the financial statements) and the cost would therefore outweigh any benefit.
 - £423k relating to Bognor Regis Arcade – remaining valuation, judgemental difference
 - £328k relating to a £152k cashbook entry for business rates, known difference.
- 2.6 The Statement of Accounts for the financial year ended 31 March 2020 has been prepared in compliance with the required standards and statutes and should be approved by this Committee.

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:
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 November 2020.

7. REASON FOR THE DECISION:
To approve the Statement of Accounts by the statutory deadline.

8. BACKGROUND PAPERS:
The Code of Practice on Local Authority Accounting in the United Kingdom 2019/20
Audit Progress Report: [Agenda for Audit & Governance Committee on Thursday 30th July 2020, 6.00 pm - Arun District Council](#)