

REPORT OF: CHIEF EXECUTIVE
TO: ACCOUNTS AND AUDIT COMMITTEE
DATE: 10th November 2020

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STATEMENT OF ACCOUNTS 2019/20

PURPOSE OF REPORT

1. The purpose of this report is to present for approval the Statement of Accounts for 2019/20. At the time of writing this report the audit undertaken by Grant Thornton is substantially complete. The accounts submitted with this report include any amendments arising from the work of External Audit as at 5th November 2020.

RECOMMENDATIONS

2. The Committee is recommended to approve the Statement of Accounts for 2019/20.

ISSUE

Introduction

3. The draft (pre-audit) accounts were completed and published on the Council's website on 10th August 2020. Grant Thornton commenced their audit of the accounts, including early preparatory work, at the end of July 2020. Given the impact of COVID-19, the audit has been conducted remotely and this work is now nearing completion. The Statement of Accounts submitted with this report reflects all changes agreed with Grant Thornton as at 5th November 2020. Any new matters arising prior to the Committee will be reported verbally at the meeting.
4. At the time of writing this report no changes have been made to the core statements. The amendments requested thus far relate mainly to a small number of disclosure notes
5. Details of the formal audit findings are presented in a separate report from Grant Thornton (Draft Audit Finding Report (AFR) 2019/20) which is included elsewhere on the agenda for this meeting.
6. There has been one 'non-material unadjusted misstatement' identified during the course of the audit. This relates to the accounting treatment applied in respect of aggregating assets previously held separately in the Council's Asset Register. The Auditor has

concluded that as there was no material change to the assets (separate industrial units now recognised collectively with land), the revaluation charge in the sum of £406k to the Comprehensive Income and Expenditure Statement (CIES) should not have been made.

7. The amount is not classed as material in the context of the Council's financial position and reported accounts (being beneath External Audit's financial statement materiality threshold of £930k) and it has been agreed with Grant Thornton not to adjust the accounts for these items.
8. This features in the Letter of Representation presented elsewhere on this agenda.
9. The AFR also refers to the audit opinion including an 'emphasis of matter' paragraph. Such a paragraph refers to a matter appropriately presented or disclosed in the financial statements that, in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the financial statements. The outbreak and timing of coronavirus has resulted in material valuation uncertainties being disclosed in the Property Valuation and Pension Fund Property Valuation reports respectively.
10. The period for public inspection of the accounts commenced from the 11th August 2020 and ended on the 22nd September 2020. No questions or enquiries were received from members of the public in this period.
11. Under the Accounts and Audit Regulations 2015 (regulation 9(2)), the Council must, following the conclusion of the period for the exercise of public rights, in the following order:-
 - (a) *Consider, either by way of a committee or by the members meeting as a whole, the statement of accounts;*
 - (b) *Approve the statement of accounts by a resolution of that committee meeting;*
 - (c) *Ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which approval is given.*
12. The Statement of Accounts is attached at **Appendix A** for approval. The Chief Executive, as the Council's responsible Chief Finance Officer, has re-certified the accounts confirming that the statement of accounts presents a true and fair view of:
 - (a) *The financial position of the authority at the end of the financial year to which it relates; and*
 - (b) *The authority's income and expenditure for that financial year.*
13. The Statement of Accounts (SOAs) also includes the Annual Governance Statement and Narrative Report, both of which are required to be published together with the financial statements.
14. Once confirmation has been received from Grant Thornton that the audit has been completed, a 'Notice of Conclusion of Audit' will be published. This will explain that the audit of the Council's accounts has been completed and state where the accounts and auditor's report can be inspected.
15. Ordinarily, Councils are required to publish their draft accounts by the end of May and to publish their audited accounts by the end of July each year. As a result of the outbreak of the Coronavirus pandemic, the Accounts and Audit Regulations 2015 were amended

(The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020), extending the timetable for publication and audit of the 2019/20 draft accounts to the end of August and November respectively.

16. In accordance with MHCLG guidance, the Council published to its website, details of why it was departing from normal practice for the 2019/20 year. This was done on 31st May 2020, being the period around which the usual public inspection period would commence. The Council published its draft accounts on 10th August 2020 and, subject to the Committee’s approval and receipt of the Auditor’s Opinion, the accounts will be published on the Council’s website shortly after this meeting.
17. Such outcomes are not possible without the hard work and support of team members within Finance assisted by colleagues across the Council. This is particularly true in the context of a challenging environment to meet the demands of the audit, as noted in the AFR, as a result of Coronavirus and at a time when Finance colleagues were heavily involved in supporting the local economy through administration and distribution of business support grants. I’d like to place on record my gratitude for their support.
18. In considering the SOAs members of committee are referred to the external auditor’s Audit Findings Report which appears elsewhere on this agenda. The report provides the auditor’s opinion on the accuracy of the accounts and also the supporting documents.
19. A summary of the salient comments within the AFR appears below:

Report on the accuracy of the Financial Statements (page 4):

Financial Statements	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's financial statements:</p> <ul style="list-style-type: none"> • give a true and fair view of the financial position of the Council and its income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.
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The supporting key documents, the Narrative Report and the Annual Governance Statement (AGS) (Page 18):

Other information	<ul style="list-style-type: none"> • We are required to give an opinion on whether the other information published together with the audited financial statements (including the Narrative Report and Annual Governance Statement), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – as per Appendix C</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit • If we have applied any of our statutory powers or duties <p>We have nothing to report on these matters.</p>

Achieving Value for Money (Page 30):

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

IMPLICATIONS

Policy

20. There are no policy implications arising directly from the contents of this report.

Financial

21. The financial implications are as given in the report and Statement of Accounts. This report sets out the closing financial position for the 2019/20 year. All budget variations are currently being reviewed and assessed in order for them to be incorporated into the budget monitoring process for 2020/21 and the budget and Medium Term Financial Plan for 2021/22 onwards.

Legal

22. The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, require the Council to approve and publish its audited Statement of Accounts by 30th November 2020. Councillors' approval of the accounts at this meeting will allow us to satisfy this requirement.

Risk Management

23. There are no risk management implications arising directly from the contents of this report.

Health and Safety:

24. There are no health and safety implications arising directly from the contents of this report.

Sustainability:

25. There are no sustainability implications arising directly from this report.

Community Safety:

26. There are no community safety issues arising directly from the contents of this report.

Equality and Diversity:

27. There are no equality and diversity issues arising from the contents of this report.

APPENDICES

[Appendix A](#) –Statement of Accounts 2019/20

LIST OF BACKGROUND PAPERS: Final Accounts working papers held by Financial Services.