

Audit Committee	
Meeting Date	25 November 2020
Report Title	Annual Financial Report 2019/20 and Audit Findings Report
Cabinet Member	Cllr Roger Truelove, Leader and Cabinet Member for Finance
SMT Lead	Nick Vickers, Chief Financial Officer
Head of Service	Nick Vickers, Chief Financial Officer
Lead Officer	Phil Wilson, Financial Services Manager
Classification	Open
Recommendations	<p>Members are asked to:</p> <ol style="list-style-type: none"> 1. Note the external auditor's Audit Findings Report (Appendix I); 2. Approve the Letter of Representation (Appendix II) on behalf of the Council; 3. Approve the Annual Financial Report for the year ended 31 March 2020 including the Annual Governance Statement (Appendix III) including the adjustments set out in the Audit Findings Report; 4. Approve that the Chairman of this Committee signs and dates the Annual Financial Report for the year ended 31 March 2020.

1. Purpose of Report and Executive Summary

- 1.1 This report seeks the Audit Committee's approval of the Council's Annual Financial Report for 2019/20 and includes the external auditor's Audit Findings Report for their consideration.

2. Background

Audit Findings Report

- 2.1 Grant Thornton UK LLP has been the Council's external auditors since 1 September 2012. Their audit of the financial statements began in August 2020.
- 2.2 The Audit Findings Report highlights the key matters arising from the audit of the Council's Annual Financial Report for the year ended 31 March 2020. It is also used to report the audit findings to management and those charged with governance. Grant Thornton are required to report whether the Council's Annual Financial Report presents a true and fair view of the financial position, its expenditure and income for the year and whether they have been properly prepared. They are also required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure value for money.

- 2.3 The Audit Findings Report is Appendix I. Grant Thornton will present this report to the Committee on 25 November and it will be a “to follow” item.

Letter of Representation

- 2.4 The letter sets out assurances from the Council to Grant Thornton that relevant accounting standards have been complied with and gives further assurances that the Council has disclosed information where to withhold it would have undermined the accuracy and reliability of the Annual Financial Report. The letter also covers the responsibilities of the Chief Financial Officer and those of the Council in producing the Annual Financial Report for the Council. Grant Thornton require the Audit Committee to approve the Letter of Representation before they can issue their opinion and conclusion on the Council’s accounts for 2019/20.
- 2.5 The Letter of Representation is Appendix II. Grant Thornton will present this to the Committee on 25 November and it will be a “to follow” item.

Annual Financial Report 2019/20

- 2.6 Appendix III is the Annual Financial Report for the year ended 31 March 2020. This is the version published in June 2020 and Grant Thornton will detail any proposed amendments to the Annual Financial Report in their Audit Findings report (Appendix I).
- 2.7 There has been a change in the timetable for publication and approval of the Annual Accounts for 2019/20. The Accounts and Audit (Coronavirus) Amendments Regulations 2020 (SI 2020/404) states that unaudited draft accounts for 2019/20 had to be published by 31 August 2020 and that the audited accounts for 2019/20 have to be approved by Audit Committee and published by 30 November 2020.
- 2.8 The 2019/20 Annual Accounts were prepared against the background of the coronavirus and the first national lockdown which began 17 March 2020.
- 2.9 In early April the Chartered Institute of Public Finance and Accountancy (CIPFA) considered proposals to streamline the 2019/20 accounts, in an effort to alleviate the pressure on budget holders and finance teams that had been diverted from their normal duties as: “COVID-19 represents the greatest challenge faced by public services in a generation, placing local government under greater pressure than ever before”. However, the proposed simplification and reduction proved unacceptable to regulators and auditors. Therefore, CIPFA resolved that in the absence of regulator and audit support, the accounts would be prepared on the basis of the full application of the 2019/20 Code.
- 2.10 The Finance Team prepared the Annual Accounts at a time when it was also dealing with the issues arising from the coronavirus such as continued delivery of its services in lockdown, forecasting the financial implications of the pandemic and how it could be addressed, financial management support on coronavirus services provided by other departments, reduction in its staffing resources, etc.

3. Proposals

- 3.1 The Annual Financial Report for the year ended 31 March 2020 is attached as Appendix III.

3.2 The Chief Financial Officer and Financial Services Manager would like to express their thanks to Grant Thornton for their efforts in completing the required audit work in time for reporting to this Committee. As in the past, the Chief Financial Officer and Financial Services Manager will work with the external auditors to review the accounts and to continue to maintain and improve them in the future.

4. Alternative Options

4.1 The Annual Financial Report has been prepared in accordance with statutory accounting principles. No other options have been considered as it is a legal requirement that the financial statements are prepared and signed by the person presiding at this meeting no later than 30 November 2020.

5. Consultation Undertaken or Proposed

5.1 Consultation has taken place with Grant Thornton throughout this process.

6. Implications

Issue	Implications
Corporate Plan	Good financial management is key to supporting the Corporate Plan objectives.
Financial, Resource and Property	The External Auditor's opinion is that the Council's accounting statements give a true and fair view of the financial position of the Council as at 31 March 2020 and its income and expenditure for the year then ended.
Legal, Statutory and Procurement	The production of the financial statements is a legal requirement under the 2015 Accounts and Audit regulations as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020.
Crime and Disorder	No direct issues
Environment and Sustainability	No direct issues
Health and Wellbeing	No direct issues
Risk Management and Health and Safety	No direct issues
Equality and Diversity	No direct issues
Privacy and Data Protection	No direct issues

7. Appendices

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

7.1.1 Appendix I: Audit Findings Report

7.1.2 Appendix II: Letter of Representation

7.1.3 Appendix III: Annual Financial Report for the year ended 31 March 2020

8. Background Papers

8.1 Detailed working papers are held in the Finance Department.