

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Christine Marshall - Executive Director - Commercialisation (S151)

To: Governance and Audit Committee - Thursday, 26 November 2020

(Author: Ellie Stacey - Deputy Head of Financial Services)

Subject Approval of Financial Statements 2019/20

Purpose: To seek approval for the Annual Governance Statement for inclusion with the Council's published Financial Statements, and approval of the Audited Financial Statements 2019/20 for publication.

Recommendation(s):

That the Governance and Audit Committee:

- 1) Approve the Financial Statements 2019/20 (Appendix A).
- 2) Authorise the S151 Officer to approve any amendments, if required, after the Committee date and prior to the official signing of the Accounts.
- 3) Approve the Annual Governance Statement 2019/20.
- 4) Review the letter of representation to EY (Appendix B) and if it agrees, approve the S151 Officer and Chair to sign on its behalf.

1.0 BACKGROUND

- 1.1 The draft 2019/20 Financial Statements were signed by the Section 151 Officer on 28 August 2020 and were considered by the Committee at a training session on 22 October 2020.
- 1.2 The Accounts and Audit Regulations 2015 have been amended by the Accounts and Audit (Coronavirus) Amendments Regulation 2020 (SI 2020/404) to extend the statutory deadline for approval of the Financial Statements to 30 November 2020 for all local authorities.
- 1.3 The external audit of the Financial Statements for the year ended 31 March 2020 is now substantially complete, and the Statements are attached as Appendix A. At the time of writing this report there are some areas of outstanding work that the external auditors, EY LLP, are still completing, primarily due to delays relating to the availability of up to date pension fund asset values.
- 1.4 The Audit Results report from EY on this agenda provides an update on audit progress. The areas of audit focus which remain outstanding are detailed on page 6 of the report. These are not expected to identify any issues.
- 1.5 This report asks members to give delegated authority for further amendments, if required, and approval of the Financial Statements, to the Section 151 Officer and Chairman of the Committee, following the completion of the audit. Once the Financial Statements have been

approved, and the Auditors Opinion issued, the Financial Statements will be published on the Council's website.

- 1.6 A small number of presentational adjustments were made to the draft Financial Statements to ensure compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
- 1.7 One small misstatement was identified by EY relating to a year end accrual that was overstated but this has not been adjusted. This is detailed on page 23 of the report.

Annual Governance Statement

- 1.8 The Annual Governance Statement is required to be signed by the Leader of the Council and Chief Executive. This Committee is requested to approve the final statement to allow it to be published with the Financial Statements.

2.0 OPTIONS

- 2.1 To approve the audited Financial Statements and the Annual Governance Statement.
- 2.2 Not to approve the Financial Statements.
- 2.3 There is a statutory requirement for the Financial Statements to be approved and published by 30 November 2020 (30 September in previous years), or as soon as reasonably practicable after receipt of the auditors final findings (if later).

3.0 REASONS FOR RECOMMENDATION(S)

- 3.1 To update the Committee on the progress for publishing the Financial Statements 2019/20.
- 3.2 To meet corporate governance best practice and statutory reporting requirements.

4.0 EXPECTED BENEFITS

- 4.1 Strengthened governance arrangements.

5.0 IMPLICATIONS

5.1 Constitutional & Legal

- 5.1.1 The Accounts and Audit Regulations 2015 and the (Coronavirus) Amendments Regulation 2020 (SI 2020/404) define these arrangements.
- 5.1.2 The Council's Financial Statements are required to be audited, approved and published in line with statutory requirements.

5.2 Financial

- 5.2.1 There are no financial implications as a result of this report. The audit of the Financial Statements provide external validation that the stewardship of public funds has been undertaken effectively, and that the statutory reporting requirements laid out in the accounting code of practice have been followed.

5.2.2 The Financial Statements presented in Appendix A are currently being subject to a final verification by the external auditors. Minor presentational issues may arise in this process and an approved final version will be submitted to the chair of the Committee for signature.

5.3 Risk Management

5.3.1 The Council's risk management arrangements are reflected in the Annual Governance Statement.

5.3.2 The audit process has identified some areas where improvements are necessary, and these will be implemented for the production of the Financial Statements 2020/21.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 All

7.0 ACRONYMS

7.1 None.

Background papers:-	None
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Lead Contact Officer

Name and Post: Christine Marshall – Executive Director – Commercialisation
Section 151 Officer

Telephone Number 01775 761161

Email: Christine.Marshall@breckland-sholland.gov.uk

Key Decision: N

Exempt Decision: N

This report refers to a Mandatory Service

Appendices attached to this report:

Appendix A Financial Statements 2019/20

Appendix B Letter of Representation