

South Lakeland District Council
Audit Committee
Thursday, 19 November 2020
Statement of Accounts and Annual Governance
Statement 2019-20

Portfolio:	Not applicable
Report from:	Helen Smith – Finance Lead Specialist (Section 151 Officer)
Report Author:	Claire Read – Finance Specialist Helen Smith - Finance Lead Specialist (Section 151 Officer)
Wards:	All wards
Forward Plan:	Not applicable

1.0 Expected Outcome

- 1.1 It is expected that a Statement of Accounts, subject to final audit opinion, will be approved by the 30th November 2020. In accordance with statutory requirements, publication will be as soon as reasonably practical after receiving the audit opinion.

2.0 Recommendation

2.1 It is recommended that Audit Committee

- (1) approve the Statement of Accounts;
- (2) approve the letter of representation;
- (3) authorise the Chair of the Audit Committee to sign the letter of representation and the Statement of Accounts on behalf of the committee;
- (4) authorise the Chairman to re-sign the Statement of Accounts in the event of further amendments following the final audit findings report;
- (5) note the Annual Governance Statement action plan; and
- (6) note the External Audit action plan.

3.0 Background and Proposals

- 3.1 The Accounts and Audit (coronavirus) (amendment) Regulations 2020, amended the Accounts and Audit Regulations 2015, changing the dates that authorities are required to prepare and publish its approved draft and audited accounts from 31st May and 31st July respectively, to 31st August and 30th November 2020 respectively.
- 3.2 The unaudited Statement of Accounts for 2019/20 was approved by the Finance Lead Specialist (Section 151 Officer) on 24 June 2020. The accounts were subject to public inspection (from 29 June 2020) where the general public could raise objections, questions and comments with the External Auditor. The revised Accounts

and Audit Regulations 2015 require that the 2019/20 accounts should be considered and approved by members and published no later than the 30 November 2020, or as soon as reasonably practicable after the receipt of the auditor's final report (if later than 30 November).

- 3.2 The audit process is currently being finalised and has identified no material errors to date in the statements. There is however one misstatement that we have not adjusted for, as it is not material when compared to the total value of the item to which it relates. This adjustment is for £211k and relates to housing benefit subsidy of £14.6million.
- 3.3 A small number of non-trivial disclosure changes are required and these will be included within the revised statements which will be distributed. These amendments will be detailed in the Audit Findings Report. In addition the Accounting Policies that were approved by Audit Committee on 5 December 2019 have been amended to remove the policy on Contingent Assets, to remove clutter as the council has none of these assets in wither 2018/19 or 2019/20 and are included in Section D of the audited Statement that is attached as **Appendix 1**.
- 3.4 While the audit is expected to be unqualified it will include an 'Emphasis of Mater' paragraph. This is added to accounts where a matter is appropriately presented or disclosed in the account, but in the auditors judgement it is of such importance that it is fundamental to users' understanding of the accounts. Given the current conditions this will be a feature on most, if not all, audit reports for Local Authorities this year.
- 3.5 The Emphasis of Mater concerns the effects of Covid-19 on the valuation of land and building for investment properties and pension fund property investments where in Note 4 of the accounts we have disclosed a major and future source of uncertainty.
- 3.6 As part of the audit of the accounts the Council are required to issue a letter of Representation to the External Auditor. The letter is attached as **Appendix 2**. This forms part of the overall assurance required by the external auditor in providing their opinion. This needs to be approved and signed by the Section 151 Officer and the Chairman of the Audit Committee.
- 3.7 Published alongside the Statement of Accounts is the Annual Governance Statement (AGS), this has been updated for actions that have now been taken and includes a clarification of roles at the request of audit. The AGS will be re-signed by the Chief Executive and the Leader of the Council. A copy of the AGS action plan is attached as **Appendix 3**. Implementation of the actions will be monitored through the Audit Committee throughout 2020/21.
- 3.8 Included in External Audit's finding's report is three recommendations that have been agreed with management and progress will be reported on during the course of the 2020/21 audit. A copy of these recommendations and managements response can be found attached as **Appendix 4**.

4.0 Consultation

- 4.1 The unaudited statements were published on the Council's website on 24 June 2020. They were also open to scrutiny and comment by members of the public from 29 June 2020 to 10 August 2020 in line with the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015.

5.0 Alternative Options

5.1 The report does not present any alternative options; there is a statutory deadline of 30 November 2020 for publication of the 2019/20 Statement of Accounts or as soon as reasonably practical after the receipt of the Audit Opinion.

6.0 Links to Council Priorities

6.1 The Statement of Accounts is one of the key corporate documents produced by the Council to demonstrate its financial position and performance. This underpins all Council priorities.

7.0 Implications

Financial, Resources and Procurement

7.1 It is anticipated that no material audit adjustments will be proposed to the Council's reported financial position as set out in the Statement of Accounts.

Human Resources

7.2 There are no human resources implications of this report.

Legal

7.3 There are no legal implications of this report.

Health, Social, Economic and Environmental

7.4 Have you completed a Health, Social, Economic and Environmental Impact Assessment? / No

7.5 If you have not completed an Impact Assessment, please explain your reasons:

This report relates to 2019/20 statement of accounts and has no direct health, social, economic or environmental impacts.

Equality and Diversity

7.6 Have you completed an Equality Impact Analysis? / No

7.7 If you have not completed an Impact Assessment, please explain your reasons:

This report relates to 2019/20 statement of accounts and has no direct equality or diversity impacts.

Risk

Risk	Consequence	Controls required
The risk is that the accounts are not authorised, audited and published by the statutory deadline.	The Council's reputation for good financial governance may be diminished.	External audit of accounts within statutory deadlines to provide Audit Committee with assurance that the accounts represent a true and fair view.

Contact Officers

Claire Read, Finance Specialist, 01539 793152, Claire.Read@southlakeland.gov.uk

Helen Smith, Finance Lead Specialist, 01539 793147, h.smith@southlakeland.gov.uk

Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Audited Statement of Accounts and AGS 2019/20
2	Letter of representation 2019/20
3	Annual Governance Statement Action Plan
4	Audit Action Plan

Background Documents Available

Name of Background document	Where it is available
Unaudited Statement of Accounts 2019/20	https://www.southlakeland.gov.uk/media/7201/2019-20-unaudited-accounts.pdf

Tracking Information

Signed off by	Date sent
Legal Services	09/11/20
Section 151 Officer	09/11/20
Monitoring Officer	09/11/20
CMT	N/A

Circulated to	Date sent
Assistant Director	N/A
Human Resources Manager	N/A
Communications Team	N/A
Leader	N/A
Committee Chairman	N/A
Portfolio Holder	N/A
Ward Councillor(s)	N/A
Committee	
Executive (Cabinet)	N/A
Council	N/A