

## 2019-20 STATEMENT OF ACCOUNTS AND AUDIT FINDINGS

<b>Head of Service:</b>	Lee Duffy, Chief Finance Officer
<b>Wards affected:</b>	(All Wards);
<b>Urgent Decision?(yes/no)</b>	No
<b>If yes, reason urgent decision required:</b>	N/A
<b>Appendices (attached):</b>	Appendix 1: Audit Findings Report Appendix 2: 2019/20 Statement of Accounts (includes Annual Governance Statement) Appendix 3: Letter of Representation

### Summary

This report presents the 2019/20 Statement of Accounts and Grant Thornton's Audit Findings report following the external audit.

### Recommendation (s)

#### The Committee is asked to:

- (1) Approve the Statement of Accounts for the year ended 31 March 2020;
- (2) Agree the Annual Governance Statement included within the Statement of Accounts;
- (3) Receive the Audit Findings for 2019/20;
- (4) Agree the management action in response to the audit recommendations detailed at Appendix A of the Audit Findings report;
- (5) Agree that the Chairman or Vice Chairman of Strategy and Resources Committee and the Chief Finance Officer sign the Letter of Representation on behalf of the Council;
- (6) Delegate any further amendments to the 2019/20 Statement of Accounts to the Chief Finance Officer in consultation with the Chairman or Vice Chairman of Strategy and Resources Committee.

### 1 Reason for Recommendations

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- 1.1 Approving the recommendations will enable the Council to meet its statutory requirements under the Accounts and Audit Regulations (England), regarding the preparation of its year-end accounts for 2019/20.

### 2 Background

- 2.1 The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 require Councils this year to publish unaudited Statement of Accounts by 31 August and the audited Statement of Accounts by 30 November.
- 2.2 The Council met the first requirement by publishing its unaudited accounts on 8 June, and will meet the second requirement assuming approval of the audited Statement of Accounts at this meeting.
- 2.3 The Statement of Accounts incorporate disclosures that show the combined financial position of the Council and Epsom & Ewell Property Investment Company. These disclosures are known as group accounts.
- 2.4 Grant Thornton, the Council's external auditor, has issued their Audit Findings following completion of the audit of the Statement of Accounts. The report is attached at Appendix 1.
- 2.5 As part of the audit, Grant Thornton performed sufficient work to gain assurance that the group accounts are materially accurate.
- 2.6 The Audit Findings report will be presented to the committee by a senior officer from Grant Thornton, who will also answer any questions members may have on the audit.
- 2.7 The audited Statement of Accounts are included as Appendix 2 to this report. **The accounts are complex and so Members are asked to raise any detailed queries with the Chief Finance Officer prior to the meeting.**
- 2.8 The Annual Governance Statement (AGS) is subject to review at the Audit, Crime and Disorder, and Scrutiny Committee earlier in September. Should any changes to the AGS arise at that meeting, these will be communicated to S&R Committee as appropriate.
- 2.9 The Council is required to provide Grant Thornton with a Letter of Representation, attached at Appendix 3. The Letter of Representation provides the auditor with assurance that the Council has fulfilled its responsibilities relating to the audit and financial statements.
- 2.10 The Council's financial performance for 2019/20 was reported to this committee on 28 July 2020.

### 3 Outcome of Audit

- 3.1 The following specific points are made in the report:-

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- 3.2 The Auditors anticipate an unqualified opinion on the Council's Statement of Accounts.
- 3.3 Any adjustments required have been agreed and implemented and they did not affect the Council's reported outturn position or usable reserves.
- 3.4 The main adjustment has been a £1.894m increase in the depreciation charge for property, plant and equipment, alongside a compensating £1.894m upward revaluation movement for property, plant and equipment. The overall impact is net nil on the Council's overall reserves and outturn position.
- 3.5 The auditor plans to issue an unqualified conclusion on Value for Money.
- 3.6 Appendix A of the Audit Findings report includes the recommendations where management action has been agreed with the auditors.

### **4 Risk Assessment**

Legal or other duties

#### 4.1 Impact Assessment

- 4.1.1 The Council has a statutory requirement to approve and publish its audited Statement of Accounts by 30 November 2020, under the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020.

#### 4.2 Crime & Disorder

- 4.2.1 None.

#### 4.3 Safeguarding

- 4.3.1 None.

#### 4.4 Dependencies

- 4.4.1 None.

#### 4.5 Other

- 4.5.1 None.

### **5 Financial Implications**

- 5.1 The external audit fee is expected to be within the £44,175 budget previously reported on 2 July 2020.
- 5.2 The Committee received a separate report on 28 July 2020 setting out the General Fund position for 2019/20 and the financial reserves at 31 March 2020. The Committee has also received details of expenditure on the capital programme on 28 July 2020.

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- 5.3 **Section 151 Officer's comments:** The Statement of Accounts are extensive and detailed so please raise any queries regarding Appendix 2 with the Chief Finance Officer prior to the Committee meeting.

### 6 Legal Implications

- 6.1 The requirements for external audit are set out in the executive summary of the Audit Findings report.
- 6.2 The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 require that the audited Statement of Accounts and Annual Governance Statement be approved by a member committee and published on the Council's website by 30 November 2020.
- 6.3 **Monitoring Officer's comments:** None arising from the contents of this report.

### 7 Policies, Plans & Partnerships

- 7.1 **Council's Key Priorities:** The following Key Priorities are engaged:  
Effective Council
- 7.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 7.3 **Climate & Environmental Impact of recommendations:** None.
- 7.4 **Sustainability Policy & Community Safety Implications:** None.
- 7.5 **Partnerships:** None.

### 8 Background papers

- 8.1 The documents referred to in compiling this report are as follows:

**Previous reports:**

- External Audit Update report to Strategy & Resources Committee, 2 July 2020
- Financial Outturn reported to Strategy & Resources Committee on 28 July 2020.

**Other papers:**

- None.