

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**EXECUTIVE MANAGEMENT TEAM'S
REPORT TO**

**Audit & Standards Committee
09 November 2020**

Report Title: **Audited Statement of Accounts 2019/20**

Submitted by: **Interim Executive Director of Resources & Support Services**

Portfolios: **Finance and Efficiency**

Ward(s) affected: **All**

Purpose of the Report

To receive the final accounts and audit findings report for the financial year 2019/20.

Recommendation

That

- 1. The final accounts for the financial year 2019/20 be received.**
- 2. The audit findings report for the financial year 2019/20 be received.**

Reasons

The Council is required to publish its audited accounts for the financial year 2019/20 by the extended date of 30 November 2020 due to the Covid-19 crisis.

1. Background

- 1.1 In response to the Covid-19 crisis, the Secretary of State has announced, per the Accounts and Audit Regulations (Coronavirus Amendment) 2020 that for the 2019/20 accounting period the period of publication of authority accounts is to be extended from 30 September to 30 November 2020.
- 1.2 The Accounts and Audit Regulations 2015 govern the way in which a local authority should present its financial affairs. The regulations require the Council to produce a statement of accounts for the financial year detailing its financial transactions for the year and its position at the year end and that this Statement be scrutinised and approved by an appropriate committee, in this case the Audit and Standards Committee. The Statement is produced in a standardised form in line with CIPFA (the Chartered Institute of Public Finance and Accountancy) guidelines. They set out procedures which must be followed with regard to public inspection rights, audit, approval and publication of the statement.
- 1.3 The Regulations require the draft Statement of Accounts to be certified by the responsible financial officer, the Executive Director (Resources and Support Services), as presenting a true and fair view of the Council's financial position by 31 August and this was done on 17 July 2020. The period during which the public have the right to inspect the accounts commenced on 17 July 2020 and closed on 28 August 2020. No objections to the draft accounts were received.
- 1.4 The Council's external auditors Grant Thornton have advised that they expect to issue their Audit Findings Report and opinion on the financial statements during the first week of November and this will follow as soon as it is received.

2. **Issues**

- 2.1 Since the last meeting of this Committee officers have continued to work closely with the external auditors to complete the audit.
- 2.2 The external audit is now at an advanced stage and Grant Thornton have advised that they expect to issue their Audit Findings Report including their opinion on the financial statements and the Council's value for money arrangements during the first week in November. The accounts will be recertified by the Council's s151 officer, the Interim Director of Resources and Support Services and available for Members to inspect once the external audit has been completed.
- 2.3 The Committee are now asked to formally receive the audited accounts and the final audit findings report. The annual audit letter will be presented to the Committee at the February meeting.
- 2.4 At the Committee's March meeting Grant Thornton indicated that they would be seeking supplementary audit fees of £7,500 in respect of additional audit work arising from national issues. This relates to additional audit resources required for the following:
 - Raising the bar – The Financial Reporting Council (FRC) has highlighted the quality of work by all audit firms needs to improve across local government audits.
 - Pension's valuations – The FRC has highlighted that the quality of work by all audit firms in respect of IAS 19 needs to improve across local government audits.
 - PPE Valuation – As above the FRC have also determined that auditors need to improve the quality of audit challenge on PE valuations across the sector.
 - New Standards – The requirement to respond effectively to new accounting standards and ensuring audit work in these areas is robust.

3. **Proposal**

- 3.1 The Audited Statement of Accounts for 2019/20 be received and approved by the committee together with the Audit Findings Report for 2019/20.

4. **Legal and Statutory Implications**

- 4.1 The Secretary of State announced that for the 2019/20 accounting period the period of publication of authority accounts is to be extended from 30 September to 30 November 2020.
- 4.2 The Regulations require the draft Statement of Accounts to be certified by the responsible financial officer, the Executive Director (Resources and Support Services), as presenting a true and fair view of the Council's financial position by 31 August and this was done on 17 July 2020.
- 4.3 The Regulations require that the publication of the final, audited Statement of Accounts be completed by 30 November 2020.

5. **Equality Impact Assessment**

- 5.1 There are no differential equality issues arising directly from this report.

6. **Financial and Resource Implications**

6.1 The audit fee for 2019/20 has increased by £7,500 due to additional audit work as a result of national issues as detailed in section 2.4 of this report.

7. **List of Appendices**

Appendix 1: Audited Statement of Accounts for the Financial Year 2019/20