



<u>Committee and date</u>	<u>Item</u>
Audit Committee 29 October 2020	Public

FINAL STATEMENT OF ACCOUNTS 2019/20

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1. Summary

- 1.1 On the 24th September 2020, Full Council approved that the Final Accounts Pack which includes the Statement of Accounts could be formally approved by the Audit Committee for the 2019/20 financial year and future years. As a result, Part 3 of Shropshire Council's Constitution now states, under functions of the Audit Committee, 'To approve the Annual Statement of Accounts'.
- 1.2 This covering report and attached Annual Statement of Accounts, present to Audit Committee members the final audited outturn position for the financial year 2019/20 and details any amendments made to the Draft Statement of Accounts during the audit process.
- 1.3 The audit on the Statement of Accounts is due to be substantially complete on 29th October and Grant Thornton produce an Audit Findings Report detailing their opinion on the accounts. The Audit Findings Report is attached to this report as Appendix 3, however it should be noted that is the draft report and the audit opinion will only be issued once the audit work is complete. Any further amendments required to the Statement of Accounts and the Audit Findings Report will be tabled at this meeting.

2. Recommendations

It is recommended that Members:

- A. Consider and approve the 2019/20 Statement of Accounts and that the Vice Chairman of the Audit Committee signs them (in accordance with the requirements of the Accounts and Audit Regulations 2015).
- B. Agree that the Director of Finance, Governance and Assurance be authorised to make any minor adjustments to the Statement of Accounts prior to publication on the Council's website.
- C. Agree that the Director of Finance, Governance and Assurance and the Vice Chairman of the Audit Committee sign the letter of representation in relation to the financial statements on behalf of the Council and send to the External Auditor.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1. Details of the potential risks affecting the balances and financial health of the authority are considered within the Statement of Accounts.

4. Financial Implications

- 4.1. This report considers the overall financial position of the Authority in the form of the Council's Statement of Accounts. The accounts consider the level of assets controlled and owned by the Authority, and the level of balances of held.

5. Climate Change Appraisal

- 5.1 The Statement of Accounts report and recommendations have no direct effect on climate change.

6. Background

- 6.1. The Accounts and Audit Regulations 2015 state that members are required to approve the annual accounts after, rather than before, the findings of the audit are known. The formal date for approval and publication of the accounts for 2020 is 30 November due to the impact of COVID-19 pandemic. The Council had consulted with the external auditors on this timescale and agreed to try to approve the audited Statement of Accounts prior to this date, and was subsequently agreed as the 29 October 2020.
- 6.2. A copy of the 2019/20 Statement of Accounts is attached at Appendix 1. The draft Statement of Accounts, as at 9 July 2020, was considered and reviewed by the Audit Committee on 31 July 2020. The Council's external auditors, Grant Thornton, have audited the accounts during the period July to October. The audit of the accounts will be substantially complete on the 29 October 2020 and the Auditor has indicated that subject to satisfactory resolution of the outstanding matters detailed in their Audit Findings Report an unqualified audit opinion will be issued on the accounts. The Auditor is aiming to issue the opinion on 6 November 2020.
- 6.3. The Accounts and Audit Regulations 2015 also require that the Statement of Accounts is accompanied by the Council's Annual Governance Statement which details the processes and procedures in place to enable the council to carry out its functions effectively. The Annual Governance Statement was considered by the Audit Committee on 31 July 2020 and is attached at Appendix 2.

7. External Audit Opinion

- 7.1. Grant Thornton are expected to provide an unqualified audit opinion on the Statement of Accounts and therefore should report as follows.

“In our opinion:

- the financial statements give a true and fair view of the financial position of the Authority and Group as at 31 March 2020 and of the Authority’s and Group’s expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and applicable law.”

7.2 Grant Thornton have produced the Audit Findings Report on the 2019/20 Statement of Accounts, and this is attached at Appendix 3.

8. Changes from the Draft Statement of Accounts Certified by the Director of Finance, Governance & Assurance on 9 July 2020

8.1 There have been no material changes identified during the audit, however there have been a number of other amendments made to the disclosures, all with the agreement of Grant Thornton. The changes are summarised in Table 1 below with further details of the amendments provided in Section 8.3.

Table 1 : Amendments to Statement of Accounts

Amendment Reference	Amendment Made
A	Inclusion of IFRS 16 Leases in Note 2
B	Amendment to Property, Plant & Equipment disclosure in Note 4 Estimation Uncertainty
C	Amendment to PFI Prepayment figure
D	Amendment to Audit Costs Note for 2018/19 and 2019/20
E	Amendment to Dedicated Schools Grant Note
F	Correction to Group Accounts increase/decrease in Total Authority Reserves
G	Amendment to Note 1 of Housing Revenue Account
H	Amendment to Note 3 of Housing Revenue Account
I	Correct typo in Collection Fund

8.2 Audit amendments made within the Pension Fund Accounts have now been reflected within the Pension Fund section of the Statement of Accounts. These were minor changes to disclosures and presentational adjustments with no amendments required to the prime financial statements.

8.3 The below amendments have been made to the Statement of Accounts.

Amendment A – Inclusion of IFRS 16 Leases in Note 2

The note has been updated to include details of the proposed changes in relation to IFRS 16 Leases following the publication of the 2020/21 CIPFA Code of Practice.

Amendment B - Amendment to Property, Plant & Equipment disclosure in Note 4 Estimation Uncertainty

Sensitivity analysis has been included to illustrate the impact on the accounts of a movement in the valuations.

Amendment C – Amendment to PFI Prepayment figure

The 2018/19 prepayment figure for planned capital expenditure had been included in the 2019/20 figure in error, therefore the prepayment figure has been amended and the balance carried forward in 2019/20 has been amended from 9,039 to 9,744 to reflect this change.

Amendment D – Amendment to Audit Costs Note for 2018/19 and 2019/20

Additional work carried out by the auditor had not originally been included in the 2018/19 and 2019/20 figures and so this has been amended to reflect this now.

Amendment E – Amendment to Dedicated Schools Grant Note

The note has been updated to show the deficit on the grant of £2.247m carried forward to 2020/21.

Amendment F - Correction to Group Accounts increase/decrease in Total Authority Reserves

An incorrect total had been included within Group Accounts for the Increase/Decrease in 2019/20 Total Authority Reserves and so this has been amended from 48,368 to 47,766.

Amendment G - Amendment to Note 1 of Housing Revenue Account

Amendment to number of dwellings in shared ownership and full ownership by 1 dwelling.

Amendment H - Amendment to Note 3 of Housing Revenue Account

The revaluation increases/(decreases) recognised in the Revaluation Reserve has been amended for Council Dwellings from (2,472) to 9,768 and other amendments have also been made to Assets reclassified (to)/from Held for Sale and Other movements in cost or valuation to amend the Total Cost or Valuation as at 31 March to 202,135,373.

Amendment I - Correct typo in Collection Fund

A typo has been corrected within the collection fund to amend NDR total expenditure from 83,277 to 83,272.

9. Letter of Representation

- 9.1 The Council is required to produce a letter of representation for the external auditors which provides assurance that the information submitted within the accounts is accurate and that all material information has been disclosed to the auditors. External audit will only sign off the accounts once this letter has been received.
- 9.2 For Shropshire Council, this letter is produced in consultation with the external auditor, signed by the Director of Finance, Governance and Assurance and the Vice Chairman of the Audit Committee and issued prior to the publication date.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Annual Statement of Accounts 2019/20. Audit Committee 31 July 2020

CIPFA's Code of Practice (Code) on Local Authority Accounting

CIPFA/SOLACE guidance on the Annual Governance Statement

Revenue and Capital Budget 2019/20

Cabinet Member (Portfolio Holder)

All

Local Member

All

Appendices

1. Audited Statement of Accounts 2019/20
2. Annual Governance Statement
3. Audit Findings Report 2019/20