

<b>Report to:</b>	Audit and Governance Committee	<b>Date of Meeting:</b>	Wednesday 16 December 2020
<b>Subject:</b>	Statement of Accounts 2019/2020		
<b>Report of:</b>	Executive Director of Corporate Resources and Customer Services	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Cabinet Member - Regulatory, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	No	<b>Included in Forward Plan:</b>	No
<b>Exempt / Confidential Report:</b>	No		

### Summary:

The report provides an update on the current position regarding the audit of the 2019/2020 Statement of Accounts.

### Recommendation(s):

(1) Note the current position with regard to the audit of the 2019/2020 Statement of Accounts.

### Reasons for the Recommendation(s):

The Council, or nominated Committee charged with responsibility for Governance, must approve the Statement of Accounts, including the Annual Governance Statement. The Audit and Governance Committee has been delegated with this responsibility and is required to approve the audited Accounts for 2019/2020 prior to its publication.

The deadline for publication was 30 November 2020. However, the regulations allow for a delay in publication where the audit has not yet been completed. This report explains that there has been a delay in completing the audit for 2019/2020.

**Alternative Options Considered and Rejected:** (including any Risk Implications)  
None

**What will it cost and how will it be financed?**

**(A) Revenue Costs**

None

**(B) Capital Costs**

None

**Implications of the Proposals:**

<b>Resource Implications (Financial, IT, Staffing and Assets):</b> None
<b>Legal Implications:</b> This report complies with legislation, particularly the requirements of the Accounts and Audit (England) Regulations 2015 as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020
<b>Equality Implications:</b> There are no equality implications.

**Contribution to the Council's Core Purpose:**

Protect the most vulnerable: Not applicable
Facilitate confident and resilient communities: Not applicable
Commission, broker and provide core services: Not applicable
Place – leadership and influencer: Not applicable
Drivers of change and reform: Not applicable
Facilitate sustainable economic prosperity: Not applicable
Greater income for social investment: Not applicable
Cleaner Greener: Not applicable

**What consultations have taken place on the proposals and when?**

**(A) Internal Consultations**

The Executive Director of Corporate Resources and Customer Services is the author of this report (FD 6225/20).

The Head of Regulation and Compliance (LD 4417/20) has been consulted and has no comments on the report.

**(B) External Consultations**

N/A

**Implementation Date for the Decision**

Immediately following the Committee.

**(Please delete as appropriate and remove this text)**

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**Appendices:**

There are no appendices to this report

**Background Papers:**

There are no background papers available for inspection.

## **1. Background**

- 1.1 Since 2010/2011 the Audit and Governance Committee is only required to approve the Statement of Accounts following the completion of the Audit. The draft Statement of Accounts was presented to this Committee in September 2020 to provide members with additional time to consider the key aspects of the accounts in advance of this meeting.
- 1.2 Since 2017/2018 approval has taken place at the special meeting of this Committee in July (approval and publication of the audited Statement of Accounts was required by 31 July). However, due to the impact of COVID-19 on the staffing resources of councils and external auditors, the deadline for approving and publishing the audited Statement of Accounts for 2019/2020 has been temporarily changed to 30 November 2020. Therefore, a special meeting of this committee was arranged in November 2020 to consider and approve the Statement of Accounts for 2019/2020.
- 1.3 As the completion of the audit of the Statement of Accounts had been delayed, the special meeting scheduled for 18<sup>th</sup> November 2020 was cancelled and the approval was to take place at this committee. This report provides an update on the current position with regard to the completion of the audit.

## **2 Current Position on the Completion of the Audit of the Statement of Accounts 2019/2020**

- 2.1 As outlined in paragraph 1.3, due to resource issues at our external auditors, EY LLP, in November there was still work to be finalised to enable the audit to be completed. It should be noted that the majority of audit work had been completed following provision of all required information and that no key issues had been found.
- 2.2 It was therefore decided to delay consideration and approval of the Statement of Accounts from the November meeting to this meeting. Although regulations require the publication of the Statement of Accounts for 2019/2020 by 30 November 2020, the same regulations allow for this to be delayed where the audit has yet to be concluded. This delay needs to be published on our website. The publication of the final Statement of Accounts needs to take place *“as soon as reasonably practicable after the receipt of any report from the auditor which contains the auditor’s final findings from the audit which is issued before the conclusion of the audit”*.
- 2.3 A recent study by Public Sector Audit Appointments found that 55% of local authority audits hadn’t been completed by 30 November 2020. They commented that: *“The pandemic has posed practical challenges for bodies in producing accounts and working papers, and for auditors to carry out their testing. Both sets of staff have had to work remotely throughout the period, and the second national lockdown came at a critical point in the cycle. Questions and concerns about the potential implications of the pandemic for some bodies have meant that both finance staff and auditors have needed to pay particular attention to the financial position of each entity. Additionally, following a series of increasingly challenging regulatory reviews, auditors have arguably been more focused than ever on their*

*professional duty to give their opinion only when they are satisfied that they have sufficient assurance.”*

- 2.4 Sefton and EY agreed a workplan so that the final audited accounts could be presented to this committee for approval. However, due to resource issues, there are some tasks still to be finalised, as well as internal reviews that need to be undertaken by EY, that mean the audit won't be complete until January 2021.
- 2.5 Therefore, it is proposed that a further special meeting be scheduled in late January / early February to consider and approve the final audited Statement of Accounts for 2019/2020, as well as approve the Annual Governance Statement, consider EY's audit report and approve the letter of representation. A date for the special meeting will be agreed before the end of 2020.
- 2.6 Currently no key issues have been found during the audit. There are currently no changes required to the main financial statements. However, a number of minor changes have been made to disclosures to comply with requirements and to improve consistency and understanding.