

# Financial Statements approval – 2019-20

<b>Committee considering report:</b>	Governance and Ethics Committee
<b>Date of Committee:</b>	1 February 2021
<b>Portfolio Member:</b>	Councillor Ross Mackinnon
<b>Date Head of Service agreed report:</b> <i>(for Corporate Board)</i>	14.1.2021
<b>Date Portfolio Member agreed report:</b>	21.1.2021
<b>Report Author:</b>	Shannon Coleman-Slaughter
<b>Forward Plan Ref:</b>	GE3892

## 1 Purpose of the Report

This report is to inform Members of the final external audit opinion for financial year 2019/20.

## 2 Recommendations

- 2.1 For members to approve the financial statements for 2019/20 following consideration of the external audit report.
- 2.2 Final sign-off of the financial statements is delegated to the Chair of the Governance and Ethics Committee in consultation with the s151 officer following completion of the external auditors work and associated completed letter of representation from the Council.

## 3 Implications and Impact Assessment

Implication	Commentary
<b>Financial:</b>	Whereby a Council is deemed to have not produced financial statements in accordance with relevant accounting requirements, this can result in additional testing by external auditors and increased external audit fees. Beyond the additional audit fees already approved by the committee no further audit fees have been indicated by Grant Thornton (GT)
<b>Human Resource:</b>	n/a

<b>Legal:</b>	The Council is required to ensure the annual financial statements are properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.			
<b>Risk Management:</b>	Where external auditors deem that the Council’s annual financial statements are not prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and the Local Audit and Accountability Act 2014, and do not provide a true and fair view of the Council’s financial position and performance, this may result in a qualified audit opinion.			
<b>Property:</b>	There are substantial assets included in this report, though no specific property management issues.			
<b>Policy:</b>	n/a			
	<b>Positive</b>	<b>Neutral</b>	<b>Negative</b>	<b>Commentary</b>
<b>Equalities Impact:</b>				
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
<b>Environmental Impact:</b>		X		

<b>Health Impact:</b>		X		
<b>ICT Impact:</b>		X		
<b>Digital Services Impact:</b>		X		
<b>Council Strategy Priorities:</b>		X		
<b>Core Business:</b>		X		
<b>Data Impact:</b>		X		
<b>Consultation and Engagement:</b>	Draft financial statements have been issued publicly from the end of August 2020 with public rights of inspection.			

## 4 Executive Summary

4.1 The 2019/20 external audit opinion has now been finalised and issued by the external auditor Grant Thornton. Grant Thornton provided the final audit opinion in respect of the 2019/20 financial statements on 1<sup>st</sup> February 2021. “In our opinion, the financial statements:

- Give a true and fair view of the financial position of the Authority as at 31 March 2020 and of its expenditure and income for the year then ended;
- Have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20; and
- Have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.”

4.2 The G&E committee are required to approved, or otherwise, the financial statements for the year 2019-20 following delegation from the Full Council. The Council’s external auditors have substantively completed their audit of the draft financial statements and this paper is elsewhere on the agenda.

## 5 Supporting Information

### Introduction

5.1 This report and appendix A, the full financial statements, are for approval of the G&E committee.

## Background

- 5.2 The financial statements have been presented to GT in August 2020. GT had until November 2020 to complete their audit though this is not a statutory deadline for the conclusion of their audit. A significant number of audits nationally, 55%, had not been completed by 30 November, in main due to the impact of Covid on preparers and auditors of Council financial statements.
- 5.3 A number of amendments have been made to the draft financial statements, with the materials adjustments being:
- (a) Investment Properties – a reduction in the Balance Sheet carrying value of £6.1m. This was processed as a result of the identification of duplicated assets within the Council’s fixed assets register;
  - (b) Plant, Property and Equipment – the reclassification of one asset valued at £2.5m. This amount was transferred to Other Land and Buildings from Investment Properties. The categorisation change has no overall impact on the Council’s total long-term assets as at 31 March 2020.

## 6 Other options considered

- 6.1 None – this is a statutory requirement

## 7 Conclusion

- 7.1 In light of the audit report and the preparations of the financial statements, that the Committee approves the financial statements.

## 8 Appendices

Appendix A – Revised financial statements

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### Subject to Call-In:

Yes:  No:

- |  |                                     |
|--|-------------------------------------|
| The item is due to be referred to Council for final approval   | <input type="checkbox"/>            |
| Delays in implementation could have serious financial implications for the Council   | <input checked="" type="checkbox"/> |
| Delays in implementation could compromise the Council’s position   | <input checked="" type="checkbox"/> |
| Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months | <input type="checkbox"/>            |
| Item is Urgent Key Decision  | <input type="checkbox"/>            |
| Report is to note only   | <input type="checkbox"/>            |
-

**Wards affected:** ALL

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**Document Control**

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**Change History**

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