

Annual Accounts 2019/20

REPORT TO AUDIT AND STANDARDS COMMITTEE



DATE	24 March 2021
PORTFOLIO	Resources & Performance Management
REPORT AUTHOR	Howard Hamilton-Smith
TEL NO	01282 425011
EMAIL	Hhamilton-smith@burnley.gov.uk

PURPOSE

1. To present the Council's audited Statement of Accounts for 2019/20, to obtain the formal approval of the Committee to the audited accounts, and to ask that they be signed by the chair of the Committee.
2. To ask the Audit and Standards Committee to approve the Letter of Representation from the Head of Finance & Property to Grant Thornton (the external auditors) and to ask that it be signed by the chair of the Committee.
3. To inform the Audit and Standards Committee of the audit findings.

RECOMMENDATION

4. Members are asked to:
 - a) Approve and sign the Statement of Accounts
 - b) Approve and sign the Letter of Representation
 - c) Note the audit findings

REASONS FOR RECOMMENDATION

5. The deadline for publication of the draft Statement of Accounts was 31 August 2020 with the audited Statement of Accounts to be published by 30 November 2020. These deadlines were not met in part due to staff vacancies and to finance staff being re-deployed from normal duties to assist with the Covid Pandemic, in particular the payment of grants to businesses.

SUMMARY OF KEY POINTS

6. The 2019/20 Statement of Accounts have been produced under the Code of Practice on Local Authority Accounting in the UK to 2019/20 standards.
7. The deadlines for publication of the draft Statement of Accounts and publication of the audited Statement of Accounts for 2019/20 were relaxed due to the Covid-19 pandemic. The deadlines were previously 31 May and 31 July respectively.

8. Due to staff vacancies and redeployment of staff to Covid-19 related issues, the Council failed to comply with its statutory duty to publish an unaudited Statement of Accounts by the 31 August 2020. The Statement of Accounts were certified by the Head of Finance and Property, as the Council's statutory Chief Finance Officer, on the 14 October 2020 and published on the Council's website for public inspection.
9. The external audit of the Statement of Accounts has now been concluded by Grant Thornton and I am pleased to report that the Council's auditors are satisfied that the accounts present a true and fair view of the Council's financial position. The audited Statement of Accounts is attached for information and final approval as Appendix 1.
10. Elsewhere on the agenda is the Auditors report on the 2020/21 Statement of Accounts and governance arrangements and the Council's approved Annual Governance Statement.
11. There have been five recommendations for the Council, which are detailed below along with our proposed actions to mitigate the recommendation:
 - the Council improve the assessment of the changes in values for assets not included each year in its rolling programme of asset revaluations. It should consider additional factors that may affect the valuation and seek input from the internal valuer as management's expert.
Management Response: A desktop exercise is carried out to determine whether there have been any material changes in the valuation of assets that hadn't been included for valuation in that year of the rolling valuation cycle. This desktop exercise is undertaken by the Council's internal valuer each financial year.
 - that in future years the useful life of assets should be revisited as part of the revaluation to ensure that the depreciation charges are accurately calculated.
Management Response: We agree with this recommendation and work has commenced on implementing this recommendation within the 2020/21 accounts.
 - throughout the year the Council should monitor and report delivery of individual identified savings areas as well as those not yet identified.
Management Response: The identified savings schemes are incorporated into the revenue budget and continue to be monitored during the year as part of the revenue monitoring process. Any savings that are not being achieved during the year are reported by exception.
 - the Council should focus on the identification of its savings plans for the next three years to ensure these can be actioned promptly and are focused on sustainable solutions.
Management Response: The Council has identified and approved the savings required to balance the 2021/22 budget. Work is continuing to identify the savings required to meet the projected budget gaps identified through the recently approved MTFS.
 - the Council should continue to actively manage and report progress on the Pioneer Place capital scheme as it progresses, to ensure it remains financially viable.
Management Response: The Council, together with its delivery partners, is actively managing and reviewing the Pioneer Place scheme, to ensure that it remains financially viable, taking into account various environmental factors, including Covid-19. To achieve this aim, the Council has reduced the size of the scheme, reduced the annual rental income targets, and brought in additional

external funding. These changes were reported and approved at Full Council in November 2020. Officers and delivery partners continue to actively monitor and report progress on the scheme.

12. The wording of the external auditor's opinion on the Statement of Accounts and the conclusion on the Council's arrangements for securing value for money is contained within the auditor's Audit Findings Report (Appendix 3). Once the opinion and conclusion have been formally disclosed to the Committee they will form part of the published Statement of Accounts on the Council's website. The chair of the Audit and Standards Committee is required to sign the Statement of Accounts prior to the publication.
13. Part of the process of obtaining a favourable opinion from the external auditor is that representations are required to be made by the Chief Financial Officer about a range of issues upon which confidence is placed during the course of the audit. These representations are contained in the Letter of Representation which is attached as Appendix 2. The Head of Finance and Property, as the Council's statutory Chief Finance Officer (Section 151 Officer), will sign this letter at your meeting after discussion with the Audit and Standards Committee. In accordance with external audit requirements the Chair is also asked to sign the letter of representation.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION
--

14. Audited Statement of Accounts as Appendix 1

POLICY IMPLICATIONS

15. None

DETAILS OF CONSULTATION

16. None

BACKGROUND PAPERS

17. None

FURTHER INFORMATION

PLEASE CONTACT:

Howard Hamilton-Smith

ALSO: