

REPORT TITLE: PLANNING FOR AND THE AUDIT OF ACCOUNTS 2019/20

5 MARCH 2020

REPORT OF CABINET MEMBER: CLLR NEIL CUTLER, DEPUTY LEADER AND
CABINET MEMBER FOR FINANCE AND RISK

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WARD(S): ALL

PURPOSE

The purpose of this report is to update the committee on the actions taken to ensure that the Statement of Accounts for 2019/20 is fully compliant with statutory requirements and to make the committee aware of changes impacting on the statements.

This report also introduces the external auditor's Audit Planning Report for the 2019/20 financial statements (see Appendix 1).

RECOMMENDATIONS:

1. That the committee notes this report in respect of the Council's Statement of Accounts for 2019/20.
2. That the committee notes the Audit Planning Report and asks any questions of the external auditors, Ernst & Young.

IMPLICATIONS:1 COUNCIL PLAN OUTCOME

- 1.1 The report is not linked to an individual Council Plan outcome, but effective and transparent corporate governance underpins all outcomes comes. It also demonstrates the Council's commitment to its responsibility to account for how taxpayers' money has been spent.

2 FINANCIAL IMPLICATIONS

- 2.1 The planned fee for the audit of the 2019/20 accounts is £43,379. The final fee for the equivalent audit of the 2018/19 accounts is £44,879 (this includes a scale fee variation of £1,500 for which we are awaiting confirmation from Public Sector Audit Appointments that this is appropriate).

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The Council is required to prepare a statement of accounts in accordance with the Accounts and Audit Regulations 2015.

4 WORKFORCE IMPLICATIONS

- 4.1 None.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None.

6 CONSULTATION AND COMMUNICATION

- 6.1 None.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None.

8 EQUALITY IMPACT ASSESSEMENT

- 8.1 Not required

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 Not required

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Legal</i> Failure to produce financial statements in	A comprehensive project plan for the delivery of the accounts closedown has	

compliance with statutory deadlines	been produced and communicated.	
<i>Reputation</i> The financial statements receive an adverse external audit opinion	The statements are prepared in accordance with the CIPFA code of Practice. Accounts staff attend regular public sector accounting workshops delivered by EY and CIPFA. Regular engagement with external audit on potential issues identified.	

11 SUPPORTING INFORMATION:

Background

- 11.1 The Statement of Accounts is prepared in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and any subsequent Local Authority Accounting Panel (LAAP) recommendations. The purpose of this report is to inform the committee of significant Code and other changes applicable to the 2019/20 financial year that will impact on the council's financial statements.

Accounts Preparation Materiality

- 11.2 The identified users of the council's Statement of Accounts primarily refer to the balance sheet for high level information about the council's assets and liabilities, but have a closer interest in the council's expenditure on and funding of services included within the comprehensive income and expenditure statement.
- 11.3 It is proposed to maintain the materiality levels set in the previous financial year; a £1 million materiality level for the balance sheet; and £0.125 million materiality level for the comprehensive income and expenditure statement.

The council's accounting policies

- 11.4 There are no proposed changes to the council's accounting policies in 2019/20.

Changes to the council's financial statements

- 11.5 There are no accounting changes within the 2019/20 Code that will have a significant impact on the council's 2019/20 Statement of Accounts.

External Audit of the Financial Statements

- 11.6 Ernst & Young LLP have presented their Audit Planning report, attached at Appendix 1, which sets out how they intend to carry out their responsibilities as the council's auditor. The purpose of the report is to provide the committee with a basis to review the planned audit approach and the scope for the 2019/20 external audit in accordance with legislation and auditing standards, and to ensure that it meets with the committee's expectations.

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 None.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

None.

Other Background Documents:-

CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

APPENDICES:

Appendix 1 – EY Audit Planning report year ended 31 March 2020.