

<b>Report of</b>	<b>Meeting</b>	<b>Date</b>
Director of Finance	Governance Committee	28 <sup>th</sup> July 2021

## **Statement Of Accounts 2019/20**

### **Purpose of report**

1. To present for approval the audited Statement of Accounts for 2019/20

### **Recommendation(s)**

2. That the Committee should approve the audited Statement of Accounts for 2019/20 (Appendix A), subject to any amendments which in the opinion of the Director of Finance (Section 151 Officer) are minor in nature, such minor amendments to be defined as non-material to the financial position of the authority. The Director of Finance will exercise this delegation in consultation with the Chair of Governance Committee. In the event that the Director of Finance is of the opinion the amendments are material to the financial position of the authority, Governance Committee will be reconvened to approve the new Statement of Accounts.
3. That the Committee should authorise the Chief Executive and Chair of Governance Committee to sign the Letter of Representation (Appendix B).

### **Executive summary of report**

4. Approval of the audited Statement of Accounts and its publication is a requirement of The Accounts and Audit Regulations 2015, as amended by The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020. The approved and signed Statement should be published on the Council's web site. The required date for publication of the audited Statement for 2019/20 was 30 November 2020. In instances where it has not proved possible to meet this date, the requirement is for publication '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'. That report appears earlier on the agenda for this meeting.
5. There have been a small number of material changes to the Statement of Accounts from the draft version published on 26 January 2021 and these are set out in more detail below (see paragraph 16). However, these relate to asset classification and valuations and offsetting adjustments between Short Term Debtors and Creditors, so the underlying financial position of the Council, its financial performance for the year and levels of Usable Reserves, are unaffected.
6. The Appointed Auditor anticipates providing the Council with an unmodified audit report.
7. An additional section has been added to the Annual Governance Statement, which accompanies the Statement (see paragraph 18 below).

8. At the time of preparing this report, the Appointed Auditor has some limited, further work to complete. Should this additional work identify the need to make further changes to the Statement of Accounts presented to this meeting, a procedure for agreeing the changes in preparation for publication is required. The recommendation in paragraph 2 requests approval for such a procedure. This procedure would enable the Director of Finance to exercise delegation in consultation with the Chair of Governance Committee in respect of making amendments to the statement which do not have a material effect on the financial position of the Council.

<b>Confidential report</b> Please bold as appropriate		<b>No</b>
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### Corporate priorities

9. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy homes and communities		An ambitious council that does more to meet the needs of residents and the local area	✓

### Background

10. The draft Statement of Accounts 2019/20 was signed by the Deputy Director of Finance Officer on 26 January 2021, and published on the Council's website together with details of public inspection rights. The accounts were then presented to Grant Thornton, the external auditors, for audit.
11. The Appointed Auditor's Audit Findings Report is presented as a separate report on this agenda. This sets out adjusted misstatements, unadjusted misstatements, and misclassification and disclosure changes in the current version of the Statement of Accounts. The audit of the accounts has not yet been completed in full. A few matters are still under consideration and so there is a possibility that further changes to the Statement of Accounts might be required.
12. The Accounts and Audit Regulations 2015, as amended by The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, require that the statement should be approved by a meeting of members by 30 November 2019, or should that not prove possible, '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'. The full statement for 2019/20 is attached as Appendix A.
13. Following consideration and approval by this Committee, the Chair should sign and date the Statement, which should also be re-certified by the Director of Finance as soon as practicable. The Statement of Accounts will be published on the Chorley Council web site, [www.chorley.gov.uk](http://www.chorley.gov.uk).
14. The Director of Finance and the Chair of Governance Committee should also sign the Letter of Representation.
15. As the audit has not been completed in full, it is recommended that the Director of Finance, in consultation with the Chair of Governance Committee, should approve non-material amendments to the Statement of Accounts before it is signed and dated. In the event that

the Director of Finance is of the opinion that the amendments are considered material to the financial position of the Council, Governance Committee will be reconvened to approve the new Statement of Accounts.

### Changes To Signed Statement Of Accounts Published On 26 January 2021

16. Appendix A of the Audit Findings Report sets out the main adjustments made to the Statement of Accounts from the version published on 26 January 2021. These adjustments are for significant amounts. However, they relate to asset classification and valuations and offsetting adjustments between Short Term Debtors and Creditors, so the underlying financial position of the Council, its financial performance for the year and levels of Usable Reserves, are unaffected. The material changes are:
- The reclassification of Logistics House, purchased during 2019/20, from Property, Plant & Equipment to Investment Properties (£34.395m).
  - Removal of a technical adjustment in respect of rental income from Logistics House (£941k).
  - Transfer of amounts in respect of credit notes for Logistics House rental income between Short Term Debtors and Creditors (£668k).
  - Amendments to valuations in respect of Market Walk Extension (£10.281m).
17. There are a small number of other minor amendments to text and figures.
18. The Annual Governance Statement is unchanged from that approved by the Committee on 1<sup>st</sup> July 2021, except that additional section has been inserted in respect of the impacts of the Covid-19 pandemic (see page 132 of Appendix A).

### Audit Findings

19. The Audit Findings report by the Appointed Auditor (Grant Thornton) includes a draft audit opinion. This indicates that the Council will be provided with an unmodified audit report which is, in other words, an unqualified opinion.
20. At the time of preparing this report and the version of the Statement of Accounts it introduces, the auditors are still undertaking a limited amount of further work. Due to the audit not having been finalised, it is possible that they could identify further changes that would be required to core statements or supporting notes after Governance Committee has resolved to approve the Statement of Accounts. As a consequence, it is recommended that the Director of Finance, in consultation with the Chair of Governance Committee should agree any changes which have no material impact on the financial position of the Council before recertifying the Statement of Accounts. Should there be any changes which do have a material impact on the financial position of the Council, it would be necessary to reconvene Governance Committee to agree the changes.

### Implications of report

21. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

**Risk**

22. No risk has been identified in respect of the contents of this report.

**Comments of the Statutory Finance Officer**

23. All relevant comments are included within the report.

**Comments of the Monitoring Officer**

24. Approval and publication of the 2019/20 Statement of Accounts, by 30 November 2020, or as soon as practicable thereafter, is required in order to comply with The Accounts and Audit Regulations 2015, as amended by The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020.

Louise Mattinson  
Director of Finance

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>
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