

Committee Name and Date of Committee Meeting

Audit Committee – 24 November 2020

Report Title

Audited Statement of Accounts 2019/20

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)

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Ward(s) Affected

Borough-Wide

Report Summary

The ISA 260 report sets out Grant Thornton's overall conclusions from their 2019/20 audit in relation to their two statutory objectives:

- To give an opinion on the Council's financial statements, and
- To conclude on whether the Council has arrangements in place to secure value for money in the use of its resources.

Members are asked to consider Grant Thornton's findings, as set out in the ISA260 Report (Appendix 4), before formally approving the 2019/20 Statement of Accounts (Appendix 1) and the 2019/20 Narrative Report (Appendix 2) for publication as final and to issue Grant Thornton with the Letter of Management Representations (attached as Appendix 3) which Grant Thornton require to complete their audit.

Members will note that Grant Thornton intend to issue an unqualified opinion on the Statement of Accounts. The ISA260 Report also provides details of the external auditors 'value for money opinion'.

Grant Thornton also intend to issue an unqualified opinion in respect of the Council's value for money arrangements.

Recommendations

1. Consider Grant Thornton's overall audit findings from their 2019/20 audit as set out in the ISA 260 report attached at Appendix 4;
2. Having taken due regard of these findings, formally approve the 2019/20 Statement of Accounts attached as Appendix 1 for publication as final and the 2019/20 Narrative Report attached as Appendix 2 for publication as final; and
3. Approve that Grant Thornton be issued with the Letter of Management Representation attached as Appendix 4

List of Appendices Included

Appendix 1 – 2019/20 Statement of Accounts to be published as final

Appendix 2 – 2019/20 Narrative Report to be published as final

Appendix 3 – Letter of Management Representation (to be presented at meeting)

Appendix 4 – Grant Thornton's ISA 260 report (to be presented at meeting)

Background Papers

CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20
Accounts and Audit Regulations 2015

Audit Committee meeting – 4 February 2020

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Closure of the Accounts 2019/20

1. Background

- 1.1 At the Audit Committee meeting on 4th February 2020 members received Grant Thornton's Audit Plan for 2019/20 which set out the audit approach Grant Thornton planned to take to discharge their audit objectives and the risks they had identified in relation thereto, and, then at the Audit Committee meeting on 28th March 2020 members were presented with an External Audit progress report from Grant Thornton on the interim position setting out progress following the planning and controls evaluation stages of their audit.
- 1.2 The ISA 260 report, attached as Appendix 4, summarises Grant Thornton's overall conclusions from their 2019/20 audit in relation to their two statutory objectives:
 - To give an opinion on the Council's financial statements, and
 - To conclude on whether the Council has arrangements in place to secure value for money in the use of its resources (Value for Money Conclusion)
- 1.3 In order to complete the audit process in compliance with the Accounts and Audit Regulations 2015, the Audit Committee, as the body charged with governance within the Council, is required to formally resolve that the Statement of Accounts and Narrative Report be approved for publication. Approval can now take place, as the period for local electors to exercise their rights to ask questions of the auditor or to raise a formal objection that an item of account is unlawful has expired.
- 1.4 Grant Thornton also require as part of their audit completion processes, that they are provided with a Letter of Management Representations providing additional assurance on certain matters. The Letter of Management Representations (attached as Appendix 3) has to be signed by the Strategic Director of Finance and Customer Services and signed on behalf of Audit Committee.

2. Key Issues

- 2.1 The unaudited 2019/20 Statement of Accounts was published on the Council's website on 31st July 2020 alongside the draft Annual Governance Statement and draft Narrative Report. This was later than originally planned due to the Covid pandemic and the subsequent extension of Local Authority accounts publication deadlines.
- 2.2 A report was brought before this Committee on 18 August 2020 to highlight the key aspects of the 2019/20 Statement of Accounts. The draft unaudited

Statement of Accounts and draft Narrative Report have now been audited by Grant Thornton.

- 2.3 Although the ISA 260 was not finalised at time of the production of this report, Grant Thornton have clearly indicated they intend to issue an unqualified opinion on the Statement of Accounts and 'value for money opinion'. There are some points of clarity to resolve on the Councils accounts as part of the audit work that need to be finalised in order to complete the ISA 260, these are across areas such as property, plant and equipment, journals, payroll and pensions. Grant Thornton will provide an update at the meeting on the current position.
- 2.4 At present as part of the draft ISA 260 the following changes have been recommended by Grant Thornton and accepted by the Council, with adjustments made to the Councils accounts.
- Pension fund liability - an increase in the Council's pension fund liabilities of £7.1m as calculated within the actual pension asset valuation as at 31 March 2020 compared with the previous valuation as at 31 January 2020 and as a result the pension asset valuation being reduced by 0.63%. This updated information was not available to the Council at the time of producing the draft accounts.
 - A series of adjustments, mainly to presentation and some accounting policies as part of Grant Thornton's technical team review of the accounts. A process that happens every 3 years, that is a more intensive deep dive review of the Councils technical accounting.
- 2.5 The ISA 260 Report will outline any issues that Grant Thornton have found with regards to areas of significant audit risk, their opinion as to whether reasonable professional judgement has been exercised, and provide a recommendations for further improvements in the production of the accounts.

Value for Money (VFM) Conclusion

- 2.6 The ISA 260 report also sets out the approach, risks, work and conclusion reached by Grant Thornton on whether the Council has satisfactory arrangements in place to secure the economy, efficiency and effectiveness in the use of its resources.
- 2.7 The conclusion indicated, is that the Council has made proper arrangements to ensure it took properly-informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

3. Options considered and recommended proposal

- 3.1 There is no discretion on whether to comply with the Code of Practice on Local Authority Accounting or the Accounts and Audit Regulations 2015. The purpose of the recommendations is for Audit Committee to meet its responsibilities in relation to the closure of the accounts.

4. Consultation on proposal

- 4.1 Close liaison continues to be maintained with the Council's External Auditors to ensure that complex accounting issues and action taken in response to changes to the local authority accounting framework are agreed in advance of the financial statements being prepared.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The statutory deadline for publishing the audited financial statements is 30th November. Grant Thornton anticipates giving an unqualified opinion by this date which will enable this deadline to be met.

6. Financial and Procurement Advice and Implications

- 6.1 There are no financial or procurement implications directly associated with this report, other than continuing to produce good quality financial statements and supporting working papers which meet Grant Thornton's expectations and will help to minimise the audit fee.

7. Legal Advice and Implications

- 7.1 None, other than ensuring compliance with the requirements of the Accounts and Audit Regulations 2015.

8. Human Resources Advice and Implications

- 8.1 There are no Human Resource implications arising from the report.

9. Implications for Children and Young People and Vulnerable Adults

- 9.1 There are no implications arising from the proposals to Children and Young People and Vulnerable Adults.

10. Equalities and Human Rights Advice and Implications

- 10.1 There are no implications arising from this report to Equalities and Human Rights.

11. Implications for Partners

11.1 There are no other implications arising from this report to Partners.

12. Risks and Mitigation

12.1 Robust project management arrangements have been put in place to ensure that the timetable is adhered to and quality standards met.

13. Accountable Officer(s)

Judith Badger (Strategic Director of Finance & Customer Services)

Approvals obtained on behalf of:-

	Named Officer	Date
Chief Executive		Click here to enter a date.
Strategic Director of Finance & Customer Services (S.151 Officer)	Graham Saxton	16/11/20
Assistant Director of Legal Services (Monitoring Officer)	Named officer	Click here to enter a date.
Assistant Director of Human Resources (if appropriate)		Click here to enter a date.
Head of Human Resources (if appropriate)		Click here to enter a date.

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