

Agenda Item No: 8
Report To: Audit Committee
Date of Meeting: 15 March 2022
Report Title: Statement of Accounts 2020/21, Appointed Auditor's Audit Findings, and Letter of Representation
Report Author: Lee Foreman
Job Title: Accountancy Manager
Portfolio Holder: Cllr. Shorter
Portfolio Holder for: Finance and IT



Summary: This report presents the 2020/21 Statement of Accounts for approval.

The External Auditor's Findings Report is attached and will be presented by Grant Thornton at the meeting, and will take questions.

The Appointed Auditor is proposing to issue an unqualified opinion on the 2020/21 statement of accounts.

Once approved (subject to several outstanding issues) the accounts will be signed and published.

Key Decision: No (delete as appropriate)

Significantly Affected Wards: N/a

Recommendations: **The Committee is recommended to:-**

- I. Consider the Appointed Auditor's Audit Findings (Appendix A)**
- II. Agree the basis upon which the accounts have been prepared (going concern)**
- III. Approve the substantially audited 2020/21 Statement of Accounts (Appendix B)**
- IV. Delegate authority to the Chairman of this committee and the Chief Financial Officer to agree any further amendments required to the statements shown at Appendix B, any significant changes will be reported back to this committee**
- V. Delegate authority to the Chairman of this committee and the Chief Financial Officer to sign and date the accounts as required by Section 10(3) of the Accounts and Audit Regulations 2003, following the stated amendments, as approved by the Council**
- VI. Approve the Chief Financial Officer's Letter of**

Representation to the Appointed Auditor (Appendix C)

Policy Overview:

Financial Implications: The 2020/21 Statement of Accounts sets out the Council's financial position as at 31 March 2021 and movement in funds during the year

Legal Implications: N/a
Text agreed by [title of Legal Officer] on [date]

Equalities Impact Assessment: N/a

Data Protection Impact Assessment: N/a

Risk Assessment (Risk Appetite Statement): N/a

Sustainability Implications: N/a

Other Material Implications: N/a

Exempt from Publication: No

Background Papers: N/a

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Statement of Accounts 2020/21 and the Appointed Auditor's Audit Findings

Introduction and Background

1. Our external auditors (Grant Thornton) have substantially completed the audit of the Council's 2020/21 financial statements. Due to ongoing restrictions and the continued changes in working practices this audit has been completed remotely. This arrangement is likely to continue in part going forward as it was worked effectively and enabled Grant Thornton to utilise some overseas resources which will be a feature going forward. This is a positive step as it will strengthen resourcing of the External Audit team which has been under considerable stress in recent years. This move also reduces commuting time and the carbon footprint of the Audit. However, with Offices starting to open up the option for some face to face meetings where appropriate will be retained.
2. Although this audit has become elongated, this has largely been beyond the control of the Grant Thornton Ashford Audit Team, and the Ashford Accountancy Team would like to thank them for their support and professionalism in undertaking the audit, and the good working relationship between the teams which has enabled queries to be progressed in a timely manner, and improve the quality and readability of the accounts.
3. Attached to this report is the Appointed Auditor's Audit Findings report setting out his work and conclusions in respect of the accounts (**See Appendix A**). The Appointed Auditor will be present at the meeting and will introduce the report and take questions.
4. The 2020/21 Statement of Accounts has been completed in accordance with International Financial Reporting Standards (IFRS), as set out in the Code of Practice on Local Authority Accounting in the United Kingdom and relevant Standards.
5. The Auditor is anticipating issuing an unqualified opinion on the Statements of Accounts.
6. The Audit Committee has previously received a briefing on the un-audited accounts, changes made to the statement as a result of the audit process are outlined in the Auditors report.

Proposal

7. The Committee is being asked to approve the Statement of Accounts as presented, and delegate authority to the Chairman of this committee and the Chief Finance Officer to sign off the final version following including any further amendments as the audit is finalised, and approve the letter of Representation. Any significant changes will be reported back to this committee.

Basis of Preparation

8. The Statement of Accounts has been prepared on a 'Going Concern' basis, in accordance with recommended accounting practice. This means, for accounting purposes, that the organisation is expected to be in existence for the medium to long term and that the Council has no intention in the foreseeable future of curtailing, materially, the extent of its operations.
9. This basis has been adopted as there are no plans to reorganise local government and no other factors exist that will materially affect the council's operations in the foreseeable future.

The Amended 2020/21 Financial Statements

10. At the Audit Committee meeting of 20 July 2021, committee members were presented with a Draft Statement of Accounts 2020/21. The main amendment is covered below and is included in the External Auditors Report (Appendices B. Audit Adjustments), there were no adjustments to the Council's primary financial statements.

a. Note 22: Financial Instruments

There was an error in the formulae and classification of what met the definition of a financial instrument for short term creditors. This resulted in the provisional figure of £22,395,000 being revised downwards to £12,236.

11. The team will undergo a post closedown review and learn from the in-year adjustments that have been required, this will then strengthen processes going forward and the quality of the Draft Accounts.

Action Plan

12. The External Auditors report (Appendices A. Action plan) includes three recommendations for consideration, these are all assessed as low risk and recommended to demonstrate best practice.
13. The Team will respond to these recommendations accordingly and will adopt these recommendations fully within the 2021/22 statement of accounts.

Agreed Amendments

14. The Committee is asked to approve the statement of accounts contained at, **Appendix B** and to delegate approval for the final sign off to the Audit Committee Chairman and the Chief Financial Officer with any significant amendments being reported back to this committee.
15. As part of the audit process the Council is being asked to authorise a letter of representation from the Council to the External Auditor. This is signed by the chair of the Committee and the Councils Chief Finance Officer. The letter is a part of the governance process where declarations are given in regard to the

fulfilment of statutory obligations, compliance with regulations, etc. The letter is contained in **Appendix C** of this report.

16. It is recommended that this statement is signed on the night of the Audit Committee, the Accountancy Manager will then confirm to Grant Thornton that no changes have occurred between signing and the formal audit opinion. If changes are made then the document will be represented accordingly.

Next Steps in Process

17. Following this meeting external audit will wrap-up any outstanding issues with any further changes being reported to the chair of the Committee and the Councils Chief Finance Officer. The chair of the Committee and the Councils Chief Finance Officer will then formally sign and approve the statement of accounts and the auditor will formally issue their opinion, and the audited accounts will be published.

Conclusion

18. The Audit of the 2020/21 Statement of Accounts is substantially complete, and will aim to be formally signed before the end of March 2022.
19. The auditor is intending to issue an unqualified opinion to the 2020/21 statement of accounts.

Portfolio Holder's Views

20. To be given at the meeting due to timing of the report.

Contact and Email

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