

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Finance & Audit Committee
Date: 11 November 2020
Reporting officer: Sarah Parfitt, Director (Corporate Services)
Subject: Statement of Accounts 2019/20

Purpose and summary of report:

To update Members with progress of the annual external audit of the Statement of Accounts, and request that delegated authority be given to the Chair of the Committee to sign the audited Statement of Accounts and Letter of Representation outside of this meeting. This will include consideration of the Audit Findings Report from the external auditors Grant Thornton. In signing the audited Statement of Accounts and Letter of Representation, the Chair will take into account any comments from Members on both the Statement of Accounts and Audit Findings Report documents which will be circulated to the Committee once finalised.

Recommendations:

1. That delegated responsibility is given from the Committee to the Chair of the Committee to sign the audited Statement of Accounts and Letter of Representation outside of the 11 November meeting.

1. Introduction

- 1.1 The production of the Statement of Accounts is an annual process which, in recent years, has incorporated a draft Statement being prepared by 31st May, with a final audited version being completed by 31st July. In the light of matters arising from the Covid-19 pandemic, for 2019/20 these dates were moved to 31st July and 30th November respectively.
- 1.2 The Council's draft 2019/20 Statement of Accounts was prepared, published on the website and passed to the external auditors on 7th July 2020
- 1.3 The external audit process commenced in mid-July and since that time, the Finance team, liaising in particular with colleagues in Property Services, Human Resources, Payroll and Revenues & Benefits, have fielded and responded to a range of enquiries from the external audit team.
- 1.4 It was in the intention of the Finance team and the external auditors to bring an audited set of accounts, incorporating the final audit opinion from Grant Thornton, along with the Audit Findings Report from Grant Thornton, to the Finance and Audit Committee meeting of 11 November for consideration and final sign-off.

2. Current Position

- 2.1 Whilst significant progress has been made in the external audit process since July, as of writing the work is not concluded and thus it has not been possible to produce an audited set of accounts for sign-off at the 11 November Finance & Audit Committee meeting.
- 2.2 In particular, accounting arrangements relating to the St George's Centre have required a greater depth of audit work than was previously anticipated – for example regarding valuation techniques, the substance / form of the agreement itself with Reef Estates and Aviva, and the projected longer-term cash flows and financing arrangements. The Council has sought technical advice from Link Group (who also advised the Council previously when transaction was being considered in 2018), and are currently working with the auditors to ensure appropriate accounting arrangements are disclosed in the final version of the accounts.
- 2.3 Additionally, the auditors have had additional requirements placed upon them by their own regulatory body, which has led to an elongated process this year. Examples include (but are not limited to):
 - additional testing on Property, Plant and Equipment valuations
 - additional testing on Pension and Investment valuations
 - additional scrutiny of management assumptions and estimates
 - assessment of Covid-19 impact on valuations, financial resilience, going concern.

3. Summary

- 3.1 Each of the items detailed above have resulted in an increased scope of audit work required, and have therefore had a resultant effect on the timing of producing audited accounts.
- 3.2 It is therefore recommended that the Finance & Audit Committee provide delegated responsibility to the Chair of the Committee to approve the audited accounts outside of the formal committee meeting, as well as signing the Letter of Representation at that same time.
- 3.3 Recognising the important role that the committee plays in the governance arrangements of the council, Members of the Committee will receive circulation of the final audited accounts, along with the Audit Findings Report from Grant Thornton. It is therefore proposed that the responsibility to sign the audited Statement of Accounts and Letter of Representation will have due regard to any final comments Members may have arising from these documents.

4. BACKGROUND PAPERS

- 4.1 There are no background papers to this report.

IMPLICATIONS	APPENDIX 1
Legal	N/A
Finance and Value for Money	N/A - no direct financial implications for signing the Statement of Accounts outside of the planned committee meeting.
Risk Assessment	N/A
Data Protection Impact Assessment	<p data-bbox="416 553 1508 658"><i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i></p> <p data-bbox="416 674 1508 837">a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data? A definition of each type of data can be found on the Information Commissioner’s Office website via the above links.</p> <p data-bbox="416 844 1508 972">b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice? N/A</p> <p data-bbox="416 978 1508 1106">c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdpr@medway.gov.uk. N/A</p>
Equality Impact Assessment	<p data-bbox="416 1111 1508 1279">a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer. N/A</p> <p data-bbox="416 1285 1508 1413">b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer. N/A</p> <p data-bbox="416 1420 1508 1525"><i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i></p>
Corporate Plan	N/A
Climate Change	N/A
Crime and Disorder	N/A
Digital and website implications	N/A
Safeguarding children and vulnerable adults	N/A