

Report to Council



Date of meeting: 29 July 2021

**Epping Forest
District Council**

Portfolio: Finance, Qualis Client and Economic Development – Cllr J. Philip

Subject: Audited Statement of Accounts 2019/20

Responsible Officer: Andrew Small (07548 145665).

Democratic Services: Jackie Leither (01992 564756).

Recommendations/Decisions Required:

- (1) That Council – as recommended by the Audit & Governance Committee – approves the audited Statement of Accounts for 2019/20 (*Appendix A*); and
- (2) That Council recommends to the Constitution Working Group that consideration be given to the Audit & Governance Committee – in future – being given delegated authority for approving the Council’s annual Statement of Accounts.

1. Executive Summary

1.1 The audit of the Council’s Statement of Accounts 2019/20 (*Appendix A*) has now concluded, and the findings of the external auditor and the audited Statement of Accounts were considered by the Audit & Governance Committee on 15th July 2021.

1.2 The external auditors expressed their intention to issue an “unqualified” audit opinion on both the Statement of Accounts 2019/20 and the Council’s arrangements for securing Value for Money (VFM). The external auditors also acknowledged significant improvement in the 2019/20 Statements and supporting records compared to 2018/19, although noted the requirement for one material Balance Sheet adjustment (impacting on the General Fund Reserve) to the draft Statements.

1.3 In the light of the accounting adjustment, and updated intelligence on the financial impact of the Covid-19 Pandemic, the Section 151 Officer reassessed the original assumptions made on provisions and reserve transfers in the draft Statements and further proposed a limited number of discretionary amendments to the draft Statements, with the primary objectives being as follows:

- To better enable the Council to meet its current financial commitments to the approved 2021/22 budget (which assumes a £1.35 million contribution from the General Fund Reserve) and a range of priority projects, many aimed at supporting the district’s recovery from the pandemic; and
- Provide for a £4.0 million contingency balance in the event of unexpected financial pressure as recommended by the Section 151 Officer in accordance with Section 25 of the Local Government Act 2003 and adopted by full Council on 25th February 2021.

1.4 Having considered the external auditor's report and the audited Statement of Accounts 2019/20, the Audit & Governance Committee recommended full Council approval of the Statements, including the discretionary accounting adjustments recommended by the Section 151 Officer.

1.5 Members attention is also drawn to the Accounts and Audit (Amendment) Regulations 2021. Regulation 2 amends Regulation 10 of the 2015 Regulations and requires the Council to publish its Statement of Accounts 2020/21 and supporting documents (together with any external audit certificate or opinion) by 30th September 2021. The Council's current constitutional arrangements – which require full Council approval of the Statement of Accounts, based on the recommendation of the Audit & Governance Committee – make the achievement of the statutory deadline extremely difficult. It is therefore recommended that consideration be given by the Constitution Working Group to giving delegated authority to the Audit & Governance Committee for the future approval of the Council's Statement of Accounts.

2. Resource Implications

2.1 There are significant resourcing implications, which are reflected throughout the Statement of Accounts 2019/20; this includes the availability of financial reserves on the Council's Balance Sheet as at 31st March 2020, to meet future spending plans and provide for contingencies.

3. Legal and Governance Implications

3.1 The local government financial reporting and audit regime exists within in a tightly regulated framework.

3.2 For the accounting period 2019/20, this included the:

- Local Government Act 1972 (Section 151)
- Local Government Act 2003 (Section 21(2))
- Local Audit and Accountability Act 2014 (various); and
- Accounts and Audit (Coronavirus) Amendment Regulations 2020.

3.3 The Accounts and Audit (Amendment) Regulations 2021 (especially Regulation 2) apply to the Council's Statement of Accounts 2020/21.

3.4 The Council Constitution currently requires the Audit & Governance Committee to consider the annual Statement of Accounts and make recommendations to full Council.

4. Safer, Cleaner and Greener Implications

4.1 None.

5. Consultation Undertaken

5.1 None.

Background Papers

Epping Forest District Council "*Statement of Accounts 2019/20*" (draft) published August 2020.

Deloitte "*Audit Report to Audit & Governance Committee for year ended 31st March 2020*" ("ISA 260") considered by Audit & Governance Committee 15th July 2021 (Agenda Item 8).

"*Audited Statement of Accounts 2019/20*" considered by Audit & Governance Committee 15th July 2021 (Agenda Item 9).

CIPFA/LASAAC "*Code of Practice on Local Authority Accounting in the United Kingdom 2019/20*" (Guidance Notes).

National Audit Office "*Code of Audit Practice 2015*" (valid for accounting periods 2015/16 to 2019/20).