

24th November 2020

Report of	Assistant Director – Corporate and Improvement	Author	Paul Cook ☎ 505861
Title	Audit of 2019/20 Accounts		
Wards affected	All		

1. Executive Summary

1.1 The Council's external auditors BDO will present their Audit Completion Report to the Committee. A draft of the report is attached and BDO will update and present their findings at the meeting detailing any changes

1.2 This covering report draws out the main audit conclusions and audit findings.

2. Recommended Decision

2.1 To approve the 2019/20 Statement of Accounts

2.2 To receive the Audit Completion Report and take any necessary action

2.3 To sign the letter of representation set out in the Audit Completion Report.

2.4 To consider any recommendations from the audit report.

3. Reason for Recommended Decision

3.1 To conclude the 2019/20 audit.

4. Alternative Options

4.1 None

5. Background Information

5.1 Owing to the impact of the Covid-19, MHCLG has made amended regulations which extended the statutory deadlines for publication of statements of accounts with audit opinion from 30 September 2020 to 30 November 2020 for all local authorities.

5.2 At the time of writing this report, the final set of accounts are still under review by the auditors however given the contents of the draft audit report, officers are not expecting any material changes. Any amendments will be highlighted and presented by BDO at the Committee.

5.3 This report sets out the External Auditor's findings. The Council has again been given an unqualified opinion on the financial statements and its use of resources despite the impact of Covid-19.

- 5.4 The Audit Completion Report is summarised in the table below. As identified in February's Audit Plan the following were assessed as being the most significant risks of material misstatement in the financial statements. References in the second column are the BDO page number

Audit Risk	Page	Risk Rating	Errors identified	Control Findings
Management override of Controls	12	Significant	No	No
Revenue Recognition	13	Significant	No	No
Expenditure cut-off	14	Significant	No	No
Valuation of non-current assets	15	Significant	No*	No
Valuation of pension liability	18	Significant	No	No
E-financials General Ledger System Upgrade	20	Significant	No	No

*Any amendments will be presented verbally to the committee

- 5.5 In addition, the auditors have highlighted within the "other deficiencies" section of the report matters that arose during the audit. These are disclosed on page 33. This has led to a potential unadjusted error of £111k in the Council's accounts in relation to the Council's Amphora subsidiary. Further details surrounding the issues can be found on page 22. The Council will provide a full response to these issues at the next Governance and Audit Committee following receipt of the audit letter.
- 5.6 As an initial response the Council accepts these useful findings by BDO. The following areas are now appropriate for review in 2020/21 given the increasing scale of subsidiary operations and any impact of Covid-19. It is not expected the reviews will result in any substantial impact on the Council's overall finances.
- 5.7.1 Capitalisation policies in Amphora will be reviewed to ensure these are consistent with wider local authority principles
- 5.7.2 The interest rates charged to Amphora will be reviewed. This was already in progress but unfortunately delayed due to Covid-19 work pressures
- 5.7.3 Proposals to avoid any conflict of interest within senior management will be brought forward to continue the Council's high standards of transparency and accountability

6. Equality, Diversity and Human Rights implications

- 6.1 Consideration will be given to equality and diversity issues in respect audit recommendations. This will be done in line with agreed policies and procedures including production of Equality Impact Assessments where appropriate.

7. Standard References

- 7.1 There are no particular references to the Strategic Plan; consultation or publicity considerations or financial; community safety; health and safety or risk management implications.

7. Strategic Plan References

- 7.1 The 2019/20 budget was underpinned by the Strategic Plan priorities and sought to preserve and shift resources where needed to support these priorities.

8. Consultation

- 8.1 Public access rights were available during the audit.

9. Publicity Considerations

- 9.1 Public access rights were available during the audit.

10. Financial implications

- 10.1 As set out in the report.

11. Health, Wellbeing and Community Safety Implications

- 11.1 N/A

12. Health and Safety Implications

- 12.1 N/A

13. Risk Management Implications

- 13.1 In As set out in the Audit Completion report

14. Environmental and Sustainability Implications

- 14.1 N/A

Appendices

Appendix A – BDO Audit Completion Report

Final Statement Accounts - <https://www.colchester.gov.uk/info/cbc-article/?catid=our-council-governance&id=KA-01764>

Background Papers

Draft Statement of Accounts