

Audit and Procurement Committee

29 November 2021

**Name of Cabinet Member:**

Cabinet Member for Strategic Finance and Resources - Councillor R Brown

**Director Approving Submission of the report:**

Director of Finance

**Ward(s) affected:**

All

**Title:**

Audited 2019/20 Statement of Accounts and Audit Findings Report

---

**Is this a key decision?**

No

---

**Executive Summary:**

The purpose of this report is to gain Audit & Procurement Committee's approval for the audited 2019/20 Statement of Accounts and Grant Thornton's Audit Findings Report provided alongside the accounting statements. The Audit & Procurement Committee is approving these accounts on the Council's behalf. This follows an extension to the period of audit by Grant Thornton in line with national regulation. The original deadline to complete and authorise the Statement of Accounts was 31<sup>st</sup> July 2020.

**Recommendations:**

**Audit and Procurement Committee is recommended:**

- 1) To consider and approve the final 2019/20 Statement of Accounts.
- 2) To consider and accept Grant Thornton's Audit Findings Report provided alongside the accounting statements.
- 3) To endorse that delegated approval be given to the Director of Finance in consultation with the Chair of Audit and Procurement Committee to agree any final changes to the Statement in the event that any of the items outstanding with the audit are not resolved before the Committee meets on 29<sup>th</sup> November.

**List of Appendices included:**

The Statement of Accounts incorporating the agreed changes is available alongside this report. Per recommendation 3 above this is subject to any changes that may be outstanding as a result of the final stages of the audit.

This report is presented alongside the External Auditor's Audit Findings Report which details the key changes to the draft Statement of Accounts considered by Audit and Procurement Committee on 30<sup>th</sup> November 2020. The changes made to the draft statement have been agreed between Grant Thornton and the Director of Finance.

**Background Papers**

None

**Other useful documents:**

Final Accounts Working papers.

**Has it been or will it be considered by Scrutiny:**

The Audit and Procurement Committee will consider the Statement.

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body:**

No

**Will this report go to Council:**

No - The Audit & Procurement Committee is approving the City Council's Statement of Accounts on the Council's behalf.

## **Report title:** Audited 2019/20 Statement of Accounts

### **1. Context (or background)**

- 1.1 In recent years, the Accounts and Audit Regulations 2015 have required the Council to publish its draft Statement of Accounts by 31<sup>st</sup> May and to approve and publish its audited accounts by 31<sup>st</sup> July. In the light of events through 2020, the Government passed the Accounts and Audit (Coronavirus)(Amendment) Regulations 2020 which had the effect of needing draft accounts to be published by 31<sup>st</sup> August 2020 and the final statement audited and published by 30<sup>th</sup> November 2020. Like many authorities across the country, the Council was unable to complete its statement within this timescale and its accounts have been the subject of extensive further external audit challenge through 2021. In accordance with regulations, a statement on the Council's website explains the current position.
- 1.2 Responsibility for approving the Council's Statements has been given to the Audit & Procurement Committee, which has become the key body in respect of understanding, analysing and discussing the content of these statements.
- 1.3 The Council published its draft statement on 26<sup>th</sup> June, two months before the statutory deadline. As a change to previous years and due to the unusual circumstances caused by the COVID-19 pandemic, the decision was taken for the draft accounts to not be considered by Audit & Procurement Committee but instead for the Committee to consider the final audited statement alongside the external auditor's Audit Findings Report in November 2020.
- 1.4 At the meeting in November 2020 the Committee gave delegated authority for final changes to the then draft accounts to be given to Director of Finance in consultation with the Chair of Audit and Procurement Committee. In the event, subsequent audit work, much of which was not foreseen at the time of the meeting, uncovered a significant number of further audit queries some of which have resulted in material changes to the accounting statements. This has led to a delay to Coventry's 2019/20 accounts being completed which is unprecedented in recent memory. The vast majority of this further work has been completed and there is a strong degree of confidence that the last remaining outstanding items in the Audit Findings Report published alongside this report will be completed very shortly allowing the audited accounts to be signed off and published.
- 1.5 In November 2020 number of factors were outlined for the delays to the audit process for 2019/20. These were: practical issues with undertaking audit work in a 'virtual' way; additional work required of the auditors including that insisted upon by the Financial Reporting Council in relation to the valuation of Property, Plant and Equipment; well publicised pressure on the auditing sector which have been outlined in the recent Redmond Review; and delays elsewhere in the process, for instance in the completion of pension fund accounts and those of the Council's companies. A number of the key issues that have remained outstanding through 2021 relate to Property, Plant and Equipment valuation whilst the other key area of audit challenge has been the Council's accounting arrangements surrounding its Group Accounts which incorporate the financial statements of the relevant external companies owned by the Council. The details of this work are set out in the Audit Findings Report which includes the major items that Audit and Procurement need to have brought to its attention and the Council's response to these.

### **2. Options considered and recommended proposal**

- 2.1 This report is presented alongside the Audit Findings Report of the Council's external auditors Grant Thornton which details any significant changes to the draft accounts considered in November 2020. These changes have been agreed between Grant Thornton

and the Director of Finance. This report includes recommendations to approve the accounts and to accept the Audit Findings Report which will be presented by Grant Thornton alongside the Statement of Accounts. The Audit and Procurement Committee is being recommended to approve the Statement of Accounts and endorse the Audit Findings Report

- 2.2 The Committee is also recommended to give delegated approval to the Director of Finance in consultation with the Chair of Audit and Procurement Committee to agree any final changes to the Statement in the event that any of the items outstanding with the audit are not resolved before the Committee meets on 29<sup>th</sup> November.
- 2.3 A decision not to agree these recommendations would result in delays to the Council having an approved accounting statement beyond the statutory deadline.

**Report author(s):**

**Name and job title:**

Paul Jennings  
Finance Manager (Corporate Finance)

**Service:**

Finance

**Tel and email contact:**

Tel: 02476 977228  
Email: paul.jennings@coventry.gov.uk

Enquiries should be directed to the above person.

<b>Contributor/approver name</b>	<b>Title</b>	<b>Service</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
Michelle Salmon	Governance Services Officer	Law and Governance	24/11/21	24/11/21
<b>Names of approvers for submission:</b> (Officers and Members)				
Barry Hastie	Director of Finance	-	24/11/21	24/11/21

This report is published on the council's website: [www.coventry.gov.uk/meetings](http://www.coventry.gov.uk/meetings)