

**Report for:** Corporate Committee 17 March 2021

**Title:** 2019/20 Statement of Accounts

**Report authorised by:** Jon Warlow, Director of Finance (S151 Officer)

**Lead Officer:** Kaycee Ikegwu, Head of Finance & Chief Accountant  
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**Ward(s) affected:** N/A

**Report for Key/  
Non Key Decision:** Non Key decision

## **1. Describe the issue under consideration**

- 1.1. To present the Statement of Accounts for 2019/20 following the completion of the external audit.
- 1.2. For those charged with Governance (the Corporate Committee) to consider the statutory Annual Report from BDO LLP which reports on their annual audit of the Council's statutory accounts, value for money and other relevant information.

## **2. Cabinet Member Introduction**

- 2.1. Not applicable.

## **3. Recommendations**

- 3.1. That the Committee consider the contents of this report and any further oral updates given at the meeting by BDO LLP.
- 3.2. That the Committee approves the Statement of Accounts 2019/20, subject to any final changes required by the conclusion of the audit, being delegated to the Chief Financial Officer in consultation with the Chair.
- 3.3. That the Committee gives the Chair of the Committee and Chief Finance Officer (S151 Officer) authority to sign the letter of representation to the Auditor.
- 3.4. That the committee notes the Audit Findings Report of the auditors, BDO LLP, and approves the management responses in the BDO LLP action plan contained within that report.

#### **4. Reason for Decision**

- 4.1. Approval of the Council's accounts is a non-executive function fulfilled by the Corporate Committee.

#### **5. Other options considered**

- 5.1. None.

#### **6. Background information**

- 6.1. The preparation and audit of the annual statement of accounts is a statutory requirement of the Accounts and Audit (England) Regulations 2015. The draft accounts must be prepared and certified by 31 May by the Chief Financial Officer that it represents a true and fair view of the financial position of the Council. This deadline was revised to 31 August 2020, and the draft account was published on the 29 June 2020, ahead of the revised date. These draft accounts are available for review on the external website.
- 6.2. The statutory position is that by no later than 31st July each year the accounts must be audited, amended as required, considered by the appropriate committee responsible for audit and published. This deadline was also revised to 30 November.
- 6.3. Due to the impact of COVID-19, the Auditors are also still undertaking their review and the Auditors "Audit Completion Report" for 2019/20 will also need to be circulated separately ahead of the meeting.
- 6.4. Since the draft accounts were published, a few issues have been identified that require changes to be made. These have been identified by officers & the Auditors or arisen as a consequence of post balance sheet events.
- 6.5. The content of the Statement of Accounts is largely determined by statutory requirements and mandatory professional standards as set out within the "Code of Practice on Financial Reporting" published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The CIPFA Code of Practice is based on International Financial Reporting Standards (IFRS).

#### **Statement of Accounts 2019/20**

- 6.6. The Accounts show the financial position of the Council (the single entity accounts) and the "Group" which comprises the Council itself plus its share of any controlled Companies. The Council incorporates Homes for Haringey, Alexandra Park & Palace Charitable Trust, and Alexandra House Wood Green Limited within its Group Accounts. The following

paragraphs give a brief overview of the statements to facilitate navigation of the document:

- a) **The Narrative Report** provides commentary on the financial and nonfinancial performance of the Council, highlights most significant matters reported in the accounts as well as looking at future developments and challenges for the Council and key strategic risks. The narrative report is not formally part of the Statement of Accounts and is not therefore covered directly by the statutory requirements for an audit opinion.
- b) **The Core Statements** comprising:

**The Comprehensive Income and Expenditure (I&E) Statement** shows the costs incurred and income received in respect of the services provided by the Council within the financial year. The I&E contains a number of „accounting“ entries that are required to be made by the Code of Practice governing the presentation of the accounts: and as a result it is different from the standard management accounts reported to Members through the year.

**The Expenditure and Funding Analysis (EFA)** shows:

- the income and expenditure chargeable to General Fund and HRA balances; and
- adjustments required to prepare accounts on a generally accepted accounting basis.

The objective of the EFA is to demonstrate to council tax and rent payers how the funding available to the Council (i.e. council tax, housing rents, business rates and central government grant) has been used in providing services in comparison to those resources consumed in accordance with generally accepted accounting practices. The EFA shows how the resources have been allocated for decision making purposes. The EFA is not a primary statement but has been included with the Core Statements to give prominence to this important note.

**The Movement in Reserves Statement** shows the money that the Council had in its reserves at the beginning of the financial year, and details the money coming in and out of those reserves resulting in the closing balance on 31 March 2020. It shows the movement in both useable and un-useable reserves including Earmarked Reserves.

**The Balance Sheet** lists the financial value of the assets and liabilities of the Council as at the end of March 2020.

**The Cashflow Statement** shows movement during the year based on cash transactions (rather than the accruals basis used in the

CIES). As such, it explains how the Council's cash position has changed over the course of the year.

**c) Notes to the Accounts**

The Notes to the Accounts provide more detail behind the figures in the four main statements above and the EFA. The references on the statements direct the reader to the relevant note(s).

**d) Subsidiary Statements**

The **Housing Revenue Account (HRA)** is a separate ring-fenced account showing the expenditure and income relating to the management and maintenance of the Council's social housing stock.

The **Collection Fund** is a separate account detailing Council Tax collection (including those collected on behalf of the Greater London Authority) and National Non-Domestic Rates (NNDR) which, following implementation of the Business Rates Retention Scheme, are shared between the Council, the Government and the GLA.

**e) The Pension Fund Accounts**

The Pension Fund Accounts are separate from the rest of the Council's accounts and show the income (pension contributions and investment returns) and expenditure (pension payments and fund management costs) for the year together with the assets and liabilities of the Pension Fund as at 31st March 2020. The Fund is audited at the same time as the Council's main accounts but is subject to a separate audit opinion. The Pension Fund accounts, and annual report was reported to the Pension Committee & Board meeting on 04 March 2020.

Also published with the Statement of the Accounts is the Annual Governance Statement (AGS). The AGS sets out the governance structure of the Council and, its key internal controls.

**External Auditor's "Audit Completion Report"**

- 6.7. The purpose of the BDO LLP Report is to detail their findings and matters arising during the course of auditing the financial statements. Due to the revised timetable for producing the annual accounts, the report was not able to be included as part of this documentation – but instead will be circulated ahead of the Committee meeting. It will include key audit issues, value for money conclusions and an agreed management action plan. The Auditors will also make an oral presentation of their findings to the Committee and will be able to respond to questions from Members.

6.8. Whilst the auditors have identified several amendments to the accounts, there are no areas of dispute between the Council and the auditors. The audit has been extremely thorough, and we expect BDO to highlight areas where improvements to controls could be made which would further minimise the chance of misstatement within the accounts for future years. The Council will consider the points raised and, where agreed, prepare an action plan to bring about those improvements. Delivery of the action plan will be closely monitored, and progress reported to Corporate Committee.

## **Next Steps**

6.9. BDO LLP are required to give their opinion on the accounts by 31 March 2020 so any outstanding work on the audit needs to be completed before then.

6.10. The Chief Financial Officer and the Chair of the Corporate Committee are required to sign a letter of representation to acknowledge their responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements. This will be done as soon as practical but before the 31 March 2020.

## **7. Contribution to Strategic Outcomes**

7.1. None.

## **8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**

### Finance and Procurement

8.1. As this report details a financial subject matter, finance comments are made throughout the content of this report.

### Legal

8.2. The Statement of Accounts has been produced in accordance with the Accounts and Audit (England) Regulations 2015 and the Chartered Institute of Public Finance (CIPFA) Code of Practice, industry best practice principles and there are no areas of dispute between the Council and the auditors. Accordingly, there are no direct legal implications arising from the report.

### Equalities

8.3. There are no equalities issues arising from this report.

## **9. Use of Appendices**

Appendix 1 – Audit Completion Report 2019/20

Appendix 2 – Draft Statement of Accounts 2019/20

## **10. Local Government (Access to Information) Act 1985**

10.1. Not applicable.