



Audited accounts	Deadline moved from 31 July to 30 November 2020
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- 6.3 The audit of the accounts has been undertaken in accordance with the statutory framework established by section 20 of the Local Audit and Accountability Act 2014, by the Council's external auditors, Grant Thornton.
- 6.4 In relation to meetings needed to approve the published accounts, the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 enable meetings to be held remotely.

**7. Monitoring Officer Comments:**

This report raises no issues for the Monitoring Officer.

**8. Report Details:**

**8.1 EXTERNAL AUDIT OF THE 2019-20 STATEMENT OF ACCOUNTS**

**8.1.1 Appointed Auditor**

Public Sector Audit Appointments Ltd (PSAA) is responsible for appointing an auditor to principal local government and police bodies that have chosen to opt into its national auditor appointment arrangements. Exeter City Council opted into this arrangement.

On 14 December 2017, the PSAA board approved the appointment of Grant Thornton (UK) LLP to audit the accounts of Exeter City Council for a period of five years, covering the accounts from 1 April 2018 to 31 March 2023. This appointment is made under regulation 13 of the Local Audit (Appointing Person) Regulations 2015.

Due to Covid-19 restrictions, the audit of the 2019/20 accounts has been undertaken entirely remotely.

**8.2 STATEMENT OF ACCOUNTS 2019-20**

The purpose of a local authority's published Statement of Accounts is to give electors, those subject to locally levied taxes and charges, members of the authority, employees and other interested parties clear information about the authority's finances.

As reported to Audit and Governance Committee on 16 September 2020, the draft Statement of Accounts were received by the auditors on 31 July 2020, before the revised national publication deadline of 31 August 2020.

Information contained in the Statement of Accounts will be consolidated into the Whole of Government Accounts.

**8.2.1 Presentation of the Statement of Accounts**

The Code of Practice on Local Authority Accounting (the Code) provides guidance on the format and content of the Statement of Accounts and means that they have to conform to a national standard.

## 8.2.2 Main Changes to the Accounts

The Code did not adopt any new accounting standards for the 2019/20 financial year, which enabled the accounts to be prepared on a consistent basis with the prior year. However, as reported to Audit and Governance Committee on 16 September 2020, the impact of Covid-19 has had a significant impact in terms of reporting deadlines, undertaking the audit and estimation uncertainty.

- **Covid-19**

In addition to remote working arrangements, there were various issues that impacted on the preparation of the Council's accounts as a result of the Covid-19 pandemic. This required significant judgements to be made and transactions were considered on a transaction by transaction basis, but most notably included:

- **Land and Building Valuations**

Volatile market conditions meant that valuations at the reporting date were provided on the basis of 'material valuation uncertainty'. This means that less certainty and a higher degree of caution should be attached to the valuations than would normally be the case. However, to help mitigate the uncertainty the valuer re-assessed the valuations after the reporting date and considered whether more evidence relating to conditions at 31 March 2020 was available and no valuations were identified for revision.

- **Risk of Default and Expected Credit Losses**

We are required to make adequate provision for loss allowances (bad debts) to reflect the expectation that future payments might not take place because a debtor could default. It was therefore necessary to review all bad debt provisions in light of the financial impact of Covid-19 on businesses and individual's ability to pay on collection rates and resulted in increased provision rates.

## 8.2.3 Audit Findings

At the time of writing, our external auditors anticipate issuing an unqualified audit opinion on the Authority's financial statements and their findings are as follows:

- **Material Misstatements**

No material misstatements were identified during the course of the audit.

- **Audit Adjustments**

A number of audit adjustments were identified and corrected as follows:

- **NDR Appeals Provision**

Disclosure of the Council's proportional share of the NDR appeals provision (£3.465m) was re-classified from short-term creditors to provisions on the Balance Sheet, due to the uncertain timing or amounts of actual settlement.

This necessitated a restatement of prior year comparatives in the Balance Sheet, short-term creditors' disclosure note and the inclusion of a new

provisions disclosure note (please refer to Note 41 and 42 of the Statement of Accounts).

### **Long Term Debtors**

Due to the extent of long-term debtors held in the Balance Sheet (£24.166m), a separate disclosure note was identified, as long-term debtors were previously only disclosed within Note 18, Financial Instruments. Note 19 has therefore been amended to provide readers with an analysis of both long-term and short-term debtors.

### **Earmarked Reserves**

Earmarked reserves form part of the General Fund balance, albeit set aside for specific purposes. These have previously been disclosed separately in the Council's Statement of Accounts.

The presentation of the Movement in Reserves Statement has been updated to include a combined General Fund Balance (£14.662m), which comprises the General Fund Working Balance (£5.855m) and earmarked reserves (£8.807m). This also necessitated changes to the Expenditure and Funding Analysis, which now reconciles to the combined General Fund Balance (i.e. with inclusion of earmarked reserves).

Overall, the amendments to date have had no impact on either the General Fund balance or the Housing Revenue Account balance, which remain as reported to Council. The overall financial performance of the Council for 2019-20 was reported to Executive on 7 July 2020 and to Council on 21 July 2020.

## **9. How does the decision contribute to the Council's Corporate Plan?**

The Statement of Accounts set out the financial position at the end of the 2019-20 and the transactions of the Council during 2019-20, both of which help underpin delivery of the Corporate Plan.

## **10. What risks are there and how can they be reduced?**

The risks relate to overspending the Council budget and are mitigated by regular reporting to the Strategic Management Board and Members. There is also a risk of failing to implement key accounting changes in accordance with approved accounting standards, but this is mitigated by the external audit of the Statement of Accounts.

## **11. Equality Act 2010 (The Act)**

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the

authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because: because

11.4.1 The report is for information only.

**12. Carbon Footprint (Environmental) Implications:**

12.1 No direct carbon/environmental impacts arising from the recommendations.

**13. Are there any other options?**

Not applicable

**Director Finance**

**Local Government (Access to Information) Act 1972 (as amended)**

**Background papers used in compiling this report:**

None

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