

Report to: Audit and Governance Committee

Date: 26 November 2020

Title: The External Auditors (Deloitte) report to those charged with governance on the 2018/19 Statement of Accounts

Report of: Chief Finance Officer

Ward(s): All

Purpose of report: To review the Independent Auditor's (Deloitte) report to those charged with governance regarding the 2018/19 Statement of Accounts.

Decision type: Budget and Policy Framework

Officer recommendation(s): To note the ISA 260 (International Standards on Auditing) reports for the Council issued by the Council's external auditors, Deloitte.

Reasons for recommendations: The Council is required to produce an annual Statement of Accounts by the Accounts and Audit Regulations.

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1 Introduction

- 1.1 This report summarises the key findings arising from Deloitte final audit work in relation to the Council's 2018/19 financial statements; and on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion').
- 1.2 The completion of the audit was been delayed, primarily due to the challenges of determining the appropriate accounting treatment, valuation and entries in respect of the Council's financial guarantee arrangements via Investment Company Eastbourne ("ICE") in the Council and Group financial statements.

2. 2018/19 Statement of Accounts

- 2.1 Under its terms of reference, it is the role of this Committee to review/approve the annual statement of accounts and the external auditor's report to those charged with governance, having considered whether appropriate accounting policies have been followed, and any issues raised by Deloitte from the audit of the accounts.

- 2.2 The Deloitte report to those charged with governance is attached as Appendix A, and the final audit of the 2018/19 Statement of Accounts by Deloitte will be completed following the resolution of the ICE accounting issues.
- 2.3 The auditors envisage issuing an unqualified audit opinion on the Council's financial statements. A few presentational adjustments arising from normal audit work have been noted, discussed, and resolved as stated in the report. However, the remaining outstanding areas of the audit includes:
- receipt of financial statements updated for the impact of the ICE transaction on both Council and testing of support for IIL joint venture accounting entries;
 - conclusion on remaining queries on valuation of specific assets;
 - completion of internal quality assurance procedures; and
 - Deloitte review of events since 31 March 2019 through to signing.
- 2.4 Deloitte also carried out the review of the arrangements made by the Council to secure economy, efficiency, and effectiveness in the use of resources (Value for Money - VFM) and did not identify any significant VFM risks in 2018/19. Deloitte is satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2019, and did not feel it necessary to report on any particular points on value for money issues.

3.0 Annual Statement of Accounts 2019/20- update

- 3.1 The Accounts and Audit Regulations (2015) set out the timescales to produce the Council's accounts, including the dates of the public inspection period. Following the coronavirus outbreak and in response to the pressures this has placed upon finance teams and external auditors in the production of the 2019/20 accounts, the Accounts and Audit (Coronavirus) (Amendment) Regulations came up with changes including; that the draft 2019/20 accounts must be approved and presented to the external auditors for review by 31 August 2020 and the publication date for the final, audited, 2019/20 accounts moved from 31 July 2020 to 30 November 2020.
- 3.2 The draft 2019/20 Statement of Accounts was submitted to the External Auditors (Deloitte) in July 2020, and the audit is yet to commence. Officers are waiting to be advised of the audit team and timings for the 2019/20 audit.

4 Corporate plan and council policies

- 4.1 Considered as part of the overall Accounts and Audit Regulations requirement and the timescales.

5 Financial appraisal

- 5.1 There are no direct financial considerations arising from this report.

6 Legal implications

- 6.1 Comment from the Legal Services Team is not necessary for this routine monitoring report. The Accounts and Audit (England) Regulations requires the

Statement of Accounts to be considered and approved by way of a committee resolution and thereafter published.

7 Risk management implications

7.1 There are no implications arising from this report.

8 Equality analysis

8.1 Equality issues are considered

9 Appendix

9.1 Appendix A – The Eastbourne Borough Council Report to the Audit and Governance Committee on the audit for the year ended 31 March 2019.

10 Background papers

10.1 The Background Papers used in compiling this report: Draft 2018/19 Statement of Accounts.