

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	STATEMENT OF ACCOUNTS 2019/20		
DATE OF DECISION:	16 NOVEMBER 2020		
REPORT OF:	EXECUTIVE DIRECTOR FINANCE & COMMERCIALISATION (SECTION 151 OFFICER)		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY	
NOT APPLICABLE	
BRIEF SUMMARY	
<p>In accordance with the Accounts and Audit Regulations 2015 (as amended by the Accounts and Audit (Coronavirus)(Amendment) Regulations 2020) the Draft Statement of Accounts 2019/20 were signed by the Executive Director Finance & Commercialisation (Section 151 Officer) on 1 July 2020 ahead of the 31 August 2020 deadline. The amended regulations require the audited accounts to be published by 30 November 2020. A copy of the updated Statement of Accounts is available in the Members' Room.</p>	
<p>The year-end audit, carried out by our auditors Ernst & Young LLP, commenced on 29 June 2020 and had not been concluded at the time of writing this report. This report details the changes made to the Statement of Accounts arising from the findings of the audit to date.</p>	
RECOMMENDATIONS:	
(i)	Note the changes to the Statement of Accounts 2019/20 as a result of the annual audit as detailed in paragraphs 5 to 7 and appendix 1.
(ii)	Consider and approve the audited Statement of Accounts 2019/20.
(iii)	Approve the rationale for not correcting the audit difference relating to the net pension liability as set out in paragraph 8.
(iv)	Agree that the Executive Director Finance & Commercialisation (S151 Officer), in consultation with the Chair of the Committee, can make any further changes to the Statement of Accounts 2019/20 that may arise during completion of the audit.
REASONS FOR REPORT RECOMMENDATIONS	
1.	It is a legal requirement that the Statement of Accounts 2019/20 is considered and approved by this committee, following the completion of the audit, and signed by the person presiding at this meeting. The Statement of Accounts must be published by 30 November 2020 or as soon as reasonably practicable after the receipt of the auditor's final findings.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	The Statement of Accounts have been prepared in accordance with statutory requirements. No other options have been considered as it is a legal requirement that the Statement of Accounts are prepared, and signed by the person presiding at this meeting following completion of the audit.
DETAIL (Including consultation carried out)	
	CONSULTATION
3.	Not applicable.
	STATEMENT OF ACCOUNTS
4.	The Statement of Accounts are a complex document and the layout and information provided are defined by statutory requirements. The key issues that should be drawn to the attention of Committee were presented at its meeting on 27 July 2020. A copy of this is available in the Members' Room or by following the link below. Draft Statement of Accounts 2019/20
	STATEMENT OF ACCOUNTS AMENDMENTS
5.	There are a number of adjustments to the Statement of Accounts arising from the findings of the audit, none of which change the overall bottom line position for the Council for 2019/20.
6.	The updated Statement of Accounts are available in the Members' Room. The main adjustments to the statements are outlined below, with further details in Appendix 1: <ul style="list-style-type: none"> • Amendment to Note 12 Property, Plant & Equipment (PPE) to reverse the prior year adjustment for the writing out of cumulative depreciation and impairment on revaluation (equal and opposite entries with no impact on the net book value); • Amendment of the fair value hierarchy classification of the Pooled Property Fund in Note 17 Financial Instruments following suspension of trading on 16 March 2020; • Correction of short-term/long-term split of Non Domestic Rates (NDR) appeals provision in the Balance Sheet and Note 21 Provisions.
7.	The full details of adjustments to the statements and notes are detailed in Appendix 1.
	UNADJUSTED AUDIT DIFFERENCES
8.	The Council's net pension liability as at 31 March 2020 reported in the draft accounts was £492.1M. The auditors have identified that this is overstated by £4.4M (0.9%) due to a change in the assumptions used by the actuary of Hampshire Pension Fund to determine their estimate of the Council's defined benefit pension liability. We have not corrected the accounts for this audit difference because: <ul style="list-style-type: none"> • It is below the materiality level; • The uncorrected amount would not have a material impact on the use and interpretation by users of the statement of accounts.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	

9.	The capital and revenue implications were considered as part of the Revenue and Capital Outturn 2019/20 report that was presented to Cabinet on 14 July 2020.
<u>Property/Other</u>	
10.	Amendments have been made to prior year comparators for Property, Plant and Equipment. This has no effect on the resources available to the Council.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
11.	Accounts and Audit Regulations 2015 and the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020.
<u>Other Legal Implications:</u>	
12.	None.
RISK MANAGEMENT IMPLICATIONS	
13.	Not applicable
POLICY FRAMEWORK IMPLICATIONS	
14.	Not applicable. It should be note that the Financial Statements have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK 2019/20.

KEY DECISION?	Yes/No
WARDS/COMMUNITIES AFFECTED:	
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Schedule of changes to Draft 2019/20 Accounts
Documents In Members' Rooms	
1.	Updated Statement of Accounts 2019/20
2.	Governance Committee Report 27 July 2020 – Draft Statement of Accounts 2019/20.

Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		Yes/No
Privacy Impact Assessment		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		Yes/No
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.	n/a	