

TRAFFORD COUNCIL

Report to: Accounts & Audit Committee
Date: 26 November 2020
Report for: Decision
Report of: Corporate Director of Finance and Systems

Report Title

Approval of the Final Accounts 2019/20 (Accounts 2020)

Summary

The pre-audited 2019/20 accounts were approved by the Corporate Director of Finance and Systems on 16th July 2020. They were submitted immediately to the Council's external auditors, Mazars, and placed on deposit in advance of the statutory deadline of 31st August and subsequent public inspection for 30 working days.

Attached are the redrafted Final Accounts for 2019/20, as they currently stand at the time of the Committee report distribution and pending any changes prior to the completion of the audit by 30th November 2020. Amendments made are highlighted and accommodate changes currently agreed with Mazars during their audit.

The majority of changes relate to "Disclosure" changes such as formatting, enhancements to improve readability and typographical errors.

The following issues have also been identified during the audit and further details can be found in the Audit Completion Report (ACR) 2019/20, Item 7 on this Agenda:

Significant Findings (Section 2)

- The draft audit report includes an "emphasis of matter" paragraph, drawing user's attention to Note 6 in the General Notes, which has been disclosed correctly and is fundamental to the understanding of the statements. The Note includes a description of the effects of the COVID-19 pandemic on the Council's land, buildings and investment property and similarly for its share of the same types of assets in the Greater Manchester Pension Fund. It notes that the statements include that there is "material value uncertainty" over the valuation of land and buildings and investment properties at the balance sheet date. It is also stated that, the inclusion of an 'emphasis of matter' paragraph is not a modification or qualification of the audit opinion.
- Property, Plant & Equipment (PPE) - the final elements of audit work are still to be completed. As stated above, due to the impact of COVID-19 on the property market, there is material uncertainty over the valuation which has been properly disclosed.
- Valuation of Defined Pension Liability – the final elements of audit work are still to be completed and concluded. However, the statements have been adjusted to reflect changes as a result of the Actuary providing a revised pension valuation report since the draft accounts were prepared. The updated report reflects additional information regarding recent legal cases (McCloud and Goodwin). Details of the adjustments are shown in Section 4 of the ACR. The

impact of COVID-19 on the valuation on the Pension Funds property holding is referred to above.

Summary of Misstatements (Section 4)

- An unadjusted misstatement of £353k regarding the presentation of a Short Term Creditor as Cash and Cash Equivalents on the balance sheet. This will be adjusted in the 2020/21 Statement of Accounts.
- Valuation of Defined Pension Liability – adjusted to reflect estimated impact on pension liability regarding recent legal cases. Movements of £6.827m within the Comprehensive Income and Expenditure Statement and Pension Liabilities held on the balance sheet.
- A number of “disclosure” amendments have been made to improve readability and to correct typographical errors.

Value for Money conclusion (Section 5)

- In seeking to satisfy themselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, the external auditors have considered significant risk areas. For 2019/20 significant risk areas included the May 2019 Ofsted report, which concluded that following their inspection of children’s social care services, the Council’s services for children was deemed inadequate. As such the auditor will issue a qualified conclusion, using the term “except for”, in relation to these services. The Auditor has acknowledged satisfaction that the Council is taking urgent action to address the issues identified, however this qualification will remain until these services are no longer assessed as inadequate by Ofsted.

Recommendation

- Members are requested to review and note the Accounts as they currently stand.
- Approval be delegated to the Chair of Accounts and Audit Committee and the Corporate Director of Finance and Systems to approve the Final Accounts for 2019/20, on or before the statutory deadline of 30 November 2020.

Contact person for access to background papers and further information:

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Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Failure to approve the accounts in a proper format would be contrary to the Accounts and Audit Regulations.
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Resource Implications e.g. Staffing / ICT / Assets	Not applicable

Risk Management Implications	Not applicable
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable