

# **East Herts Council Report**

## **Audit and Governance Committee**

**Date of Meeting:** 22 September 2020

**Report by:** Bob Palmer, Head of Strategic Finance and Property

**Report title:** Draft Statement of Accounts 2019/20

**Ward(s) affected:** All

---

### **Summary**

The first draft of the annual Statement of Accounts was presented to this Committee on 28 July. The external audit of the Accounts is nearly complete and the updated Statement has been amended for items that have arisen during the course of the audit.

### **RECOMMENDATION FOR AUDIT & GOVERNANCE COMMITTEE:**

**(a) That Members note the amendments set out below and approve the draft Statement of Accounts, subject to completion of the external audit.**

#### **1.0 Proposal(s)**

1.1 This report proposes that the Committee should approve the amended draft Statement of Accounts for 2019/20.

#### **2.0 Background**

2.1 There has been one significant adjustment necessary as a result of the external audit. The work of the external auditor revealed a calculation error in one of the valuation reports that had led to an overstatement in the value of the Council's car parks by £1.1

million.

2.2 Correcting the valuation error had the following impacts on the Statement of Accounts:

- (a) Movement in Reserves Statement – the overall increase in unusable reserves is reduced by £1.1 million.
- (b) Income and Expenditure Statement – the deficit on revaluation of fixed assets increases from £0.2 million to £1.3 million.
- (c) Balance Sheet – the value of other land and buildings and the value of the revaluation reserve are both reduced by £1.1 million.

2.3 A second correction to the Accounts was necessary to reflect updated information from the pension fund. The figures included in the previous draft of the accounts included estimated returns on the pension fund assets for the last three months of 2019/20. Now the actual returns have been calculated the projected deficit on the fund has reduced by £1.9 million.

2.4 Correcting the pension information had the following impacts on the Statement of Accounts:

- (a) Movement in Reserves Statement – the overall increase in unusable reserves is increased by £1.9 million.
- (b) Income and Expenditure Statement – the net cost of services is reduced by £0.2 million and the surplus on re-measurement of the net defined benefit liability is increased by £1.7 million.
- (c) Balance Sheet – the value of the net pension liability and the pensions reserve are both reduced by £1.9 million.

2.5 The adjustments set out above have had no impact on the Council's total usable reserves which remain unchanged at £16.8 million.

2.6 The other amendments to the Statement of Accounts have

involved additional text being added to cover the impact of the pandemic. The significant additions are to the Narrative Statement on page 15 and the Accounting Policies on page 21. These additions make it clear that the Council is sufficiently financially robust to cope with the pandemic and that the going concern basis is the appropriate basis for the Statement of Accounts.

### **3.0 Reason(s)**

- 3.1 The external audit is nearly complete and the Committee need to be updated on changes to the draft Statement of Accounts.
- 3.2 One of the key functions of the Committee is to scrutinise financial information and documents, including the Statement of Accounts.

### **4.0 Options**

- 4.1 The Committee can ask for any clarifications or explanations necessary to assist with the scrutiny of the draft Statement of Accounts.

### **5.0 Risks**

- 5.1 The scrutiny of the accounts should reduce the risk of there being a material misstatement or insufficient information about a key transaction or activity.

### **6.0 Implications/Consultations**

None

### **Community Safety**

No

**Data Protection**

No

**Equalities**

No

**Environmental Sustainability**

No

**Financial**

The draft Statement of Accounts sets out the Council's financial position as at 31 March 2020 and its financial performance for the year then ended.

**Health and Safety**

No

**Human Resources**

No

**Human Rights**

No

**Legal**

The Accounts and Audit Regulations 2015 require the construction of an annual Statement of Accounts and set out the associated timetable for their production and auditing.

**Specific Wards**

No

**7.0 Background papers, appendices and other relevant mater**

None

**Contact Member**

Councillor Geoff Williamson, Executive Member  
for Financial Sustainability

[geoff.williamson@eastherts.gov.uk](mailto:geoff.williamson@eastherts.gov.uk)

**Contact Officer**

Bob Palmer, Head of Strategic Finance and  
Property

Contact Tel No 01279 50 2074

[bob.palmer@eastherts.gov.uk](mailto:bob.palmer@eastherts.gov.uk)