

## FINANCIAL STATEMENTS 2020/21

REPORT OF: DIRECTOR OF RESOURCES AND ORGANISATIONAL DEVELOPMENT  
Contact Officer: Assistant Director of Corporate Resources (and S151 Officer)  
Rachel Jarvis, Email: [rachel.jarvis@midsussex.gov.uk](mailto:rachel.jarvis@midsussex.gov.uk) Tel: 01444 477244  
Wards Affected: *None*  
Key Decision: No  
Report to: Audit Committee  
19 April 2023

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### Purpose of Report

1. Ernst & Young LLP have now concluded their audit of the 2020/21 Accounts and we are pleased to report they have provided an unqualified opinion.
2. Audit Committee last met to consider these accounts at its meeting of 1 March 2022. At this meeting Audit Committee resolved to approve the Financial Statements for the year ending 31 March 2021 and Authorise the Chair and Vice Chair of the Committee to sign the accounts when the audit had concluded, subject to any changes being immaterial to the accounts.
3. The Financial Statements relating to the 2020/21 financial year are now ready for final review and signing and comprise: -
  - (a) The Auditors Annual Report (Appendix A)
  - (b) The Audit Results Report to the Audit Committee – Final (Appendix B)
  - (c) The Financial Accounts 2020/21 - Final (Appendix C)
  - (d) Letter of Representation - (Appendix D)

### Recommendations

The Committee is recommended to:

- i. **Agree the Auditors Annual Report having consideration of the Audit Results Report together with previous considerations and the resolution on 1 March 2022;**
- ii. **Approve and Sign the Financial Statements for the year ending 31 March 2021 and the Letter of Representation**

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### Background

4. The audit of the Statements for the financial year 2020/21 was reported to Audit Committee on 1 March 2022 noting that some reaming work was still to be completed.

5. The conclusion of this Audit has been delayed for two reasons. Firstly, as a result of investigations required due to an objection made to the accounts. This objection has not been upheld.
6. In addition, there are national issues in local public sector audits. These have been summarised in the recent reviews by the National Audit Office (NAO), the Public Accounts Committee, and the Redmond Review.
7. The Committee approved the accounts in principle, having read the draft Audit Results Report whilst being aware that further changes might be needed post-audit.
8. The work on the objection has now been concluded and not upheld and the Auditor's Annual Report and the final Audit Results Report to Audit Committee are attached at Appendix A and B respectively.
9. As is the picture nationally, the Whole of Government Accounts has not concluded, and the National Audit Office has reserved the right to request further procedures subject to the conclusion of the Whole of Government Accounts. It is unlikely that this will be requested specifically of Mid Sussex DC.

### **Auditors Annual Report and Findings**

10. This section provides an overview of the Audit Results Report in order to provide Audit Committee with a broader context to facilitate their understanding.
11. Section 2 of the report provides an overview of the areas of audit focus. Of note are:
  - (a) Valuation of investment property (adjusted) - As reported and considered at Audit Committee on 1 March 2022 there was a need to revise the initial valuations of 3 investment properties. These revisions were made by the Councils' valuers, and work is now under way to ensure a consistent approach is taken for future years. This is mostly related to synchronisation of the date of valuation between our local valuers and our auditors. We will align with our auditors' dates.
  - (b) Net Pension Liability (unadjusted) - As previously reported the Pension Fund is administered by West Sussex County Council who appoint actuaries to provide annual pension liability information. It is therefore a difference of opinion between WSCC and our external auditor's judgement as to the value of the net pension liability with no underlying errors. As this is immaterial it has not been adjusted for.
  - (c) Accounting for Covid Business Grants (adjusted) – This is an accounting adjustment in relation to the presentation of grants, and the overall financial position remains unchanged. It does not relate to the handling or distribution of grants, but instead to the accounting treatment of how these should be presented. This error has arisen at a significant number of authorities and is a result of the high volume of new grants made available to support the public during the pandemic. These often had complex accounting requirements, the treatment of which, both local and national government had to grapple with.

12. The Assistant Director of Corporate Resources will sign the accounts as presenting a true and fair view of the financial position of the authority and its income and expenditure for the year ended 31st March 2021.
13. The Letter of Representation sets out the Committee's responsibility for approving the statements and their contents and is included as Appendix D. This will be signed by the Chairman.

#### **Other Options Considered**

14. none

#### **Financial Implications**

15. As laid out in the Appendices.

#### **Risk Management Implications**

16. None

#### **Equality and Customer Service Implications**

17. None

#### **Other Material Implications**

18. None

#### **Sustainability Implications**

19. None

#### **Appendices**

- Appendix A - The Auditors Annual Report
- Appendix B - The Audit Results Report to the Audit Committee – Final
- Appendix C - The Financial Accounts 2020/21 - Final

#### **Background Papers**

- None