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| <b>Report of:</b>       | <b>Head of Finance</b>                     |
| <b>Contact Officer:</b> | <b>Emma Fullagar</b>                       |
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| <b>Report Track:</b>    | <b>Audit &amp; Gov Cttee:<br/>30/11/20</b> |

**Audit and Governance Committee  
30 November 2020  
External Audit of the Statement of Accounts 2019/20**

**1 Purpose of Report**

- 1.1 To report the process for the approval of the audited statement of accounts for the financial year ended 31 March 2020.

**2 Recommendations**

- 2.1 That members note the contents of the report with reference to the separate reports elsewhere on the agenda covering:
- a) The Audit Findings for Cannock Chase District Council;
  - b) Statement of Accounts 2019/20.
- 2.2 Members approve the Management Representation letter (to be signed by the Chair on behalf of the Committee).

**3 Key Issues and Reasons for Recommendation**

- 3.1 The Accounts and Audit Regulations 2015 require that the Council's Statement of Accounts be approved by the Audit and Governance Committee.

**4 Relationship to Corporate Priorities**

- 4.1 The annual Statement of Accounts is an important part of the Council's corporate governance arrangements which cut across all of the Council's priorities.

**5 Report Detail**

- 5.1 The approval process for the Statement of Accounts requires the accounts to be certified by the Section 151 Officer (Head of Finance) by the 31 May as providing a true and fair view of the financial position of the Council as at the 31

March 2020. The accounts are then audited and considered by Audit and Governance Committee alongside the 'Audit Findings' report by 31 July 2020. However as published on the Councils website due to the impact of COVID 19 on local authorities revised dates were produced as follows

- Approve draft accounts 31 August 2020 (published 25 June 2020)
- Public Inspection period to start by no later than 1 September (started 29 June 2020)
- Publish final audited accounts 30 November 2020

5.2 External Auditors are required to report the matters arising from their audit of the financial statements via the 'Audit Findings' report to Audit and Governance Committee before they are able to provide an opinion which will enable the accounts to be published.

5.4 The Council's external auditors have a duty to report to those charged with governance those issues arising from the audit of the financial statements of Cannock Chase District Council.

5.5 The auditors who must provide a representation in terms of their integrity, objectivity and independence will review and report on the following issues:

- Qualitative aspects of financial reporting
- Misstatements within the accounts
- Material weaknesses in internal control

5.6 The contents of the report and in particular any misstatements and recommendations for future improvements are discussed with officers following the audit and the accounts amended accordingly.

5.7 The 'Audit Findings' report forms a separate item on the agenda and details the changes made and recommendations for performance improvement.

5.8 Members should note that the report also provides an assessment of the arrangements put in place to secure economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).

5.9 As part of the formal audit conclusion process, the Responsible Financial Officer is required to submit the attached Management Representation Letter (Appendix 1) to the Appointed Auditor having obtained acknowledgement by the Audit and Governance Committee.

## **6 Implications**

### **6.1 Financial**

None

6.2 **Legal**

None

6.3 **Human Resources**

None

6.4 **Section 17 (Crime Prevention)**

None

6.5 **Human Rights Act**

None

6.6 **Data Protection**

None

6.7 **Risk Management**

None

6.8 **Equality & Diversity**

None

6.9 **Best Value**

None

**7 Appendices to the Report**

Appendix 1 – Management Representation Letter

**Management Representation Letter**

John Farrar  
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L3 1PS

|             |  |
|-------------|--|
| CONTACT     | Bob Kean   |
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| OUR REF     |  |
| YOUR REF    |  |
| DATE        | 30 November 2020   |

Dear Sirs,

**Cannock Chase District Council - Financial Statements for the year ended 31 March 2020**

This representation letter is provided in connection with the audit of the financial statements of Cannock Chase District Council for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**Financial Statements**

- i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly

based, in accordance with the Code and adequately disclosed in the financial statements.

- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
  - a. there are no unrecorded liabilities, actual or contingent
  - b. none of the assets of the Council has been assigned, pledged or mortgaged
  - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. The prior period adjustment disclosed in Note 30 to the financial statements is accurate and complete. There are no other prior period errors to bring to your attention.
- xiv. We have updated our going concern assessment and cashflow forecasts in light of the Covid-19 pandemic. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's

ability to continue as a going concern need to be made in the financial statements

### Information Provided

- xv. We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - b. additional information that you have requested from us for the purpose of your audit; and
  - c. access to persons within the Council from whom you determined it necessary to obtain audit evidence via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic.
- xvi. We have communicated to you all deficiencies in internal control of which management is aware.
- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council, and involves:
  - a. management;
  - b. employees who have significant roles in internal control; or
  - c. others where the fraud could have a material effect on the financial statements.
- xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

**Annual Governance Statement**

xxiv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

**Narrative Report**

xxv. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the financial statements.

**Approval**

The approval of this letter of representation was minuted by the Council's Audit and Governance Committee at its meeting on 30 November 2020.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

**Signed on behalf of the Council**