

**Financial Statement 2019/20**

**Report by Gary Fairley, Chief Officer Corporate Solutions**

**Report for Decision**

**1 Recommendations**

It is recommended that Audit Committee:

- a) Note that at the time of writing this report work continues to finalise the unaudited financial statements and that financial statements are expected to be submitted to the auditor by 30<sup>th</sup> June;
- b) Agree to remit to the Executive Director Place, in discussion with the Chair of the Audit Committee, arrangements for a special meeting/reconvened meeting of the Audit Committee prior to 31 August 2020 to consider the unaudited financial statements.

**2 Executive Summary**

The purpose of this report is to secure arrangements for Audit Committee to consider the unaudited financial statements for 2019/20 as submitted to the Auditor.

**Date: 15<sup>th</sup> June 2020**

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### 3 The Local Authority Accounts (Scotland) Regulations 2014

Section 8 of the Local Authority Accounts (Scotland) regulations 2014 sets out the requirements in respect of unaudited accounts;

*(7) The Annual Accounts must be submitted to the auditor no later than 30th June immediately following the financial year to which the Annual Accounts relate.*

*(8) The local authority must publish a copy of the Annual Accounts submitted to the auditor, clearly identified as an unaudited version, on a website of the authority from the date they are submitted until the date on which the audited Annual Accounts are published in accordance with regulation 11.*

*(9) A local authority or a committee of that authority whose remit includes audit or governance functions must meet to consider the unaudited Annual Accounts as submitted to the auditor.*

*(10) The meeting referred to in paragraph (9) must be held no later than 31st August immediately following the financial year to which the Annual Accounts relate.*

In recognition of the impact of COVID 19 on Council resources and ways of working The Coronavirus (Scotland) Act 2020 included provisions which allows Councils to extend the dates relating to preparation and publication of financial statements if required. However it is not expected that these provisions will be required and that the unaudited financial statements will be submitted to the Auditor before the 30<sup>th</sup> June.

The Council's Finance Team has been able to make excellent progress in preparing the financial statements whilst working remotely and supporting the Council's response to the pandemic. However it was considered appropriate to provide additional time before I, as Section 95 Officer, certify the accounts. The additional time allows for there to be fuller consideration of the content of the financial statements particularly in respect of material estimations, for example Property Plant and Equipment valuations as well as the additional disclosures necessary as a consequence of COVID 19.

Accordingly to provide Audit Committee with adequate time to consider the unaudited accounts (which will be circulated to members of the committee at the same time as submitted to the Auditor) it is recommended that the Executive Director Place, in discussion with the Chair of the Audit Committee, make arrangements for a special meeting/reconvened meeting of the Audit Committee prior to 31 August 2020 to consider the unaudited accounts.

Considered separately on today's agenda is an addendum to the audit plan which considers the COVID-19 impact on the Audit though members should note that the intention is still to complete the Audit by 30 September 2020.

## **4 Report Implications (Resource, Digital and Risk)**

### **4.1 Resource**

Whilst this report deals with financial issues there are no financial implications arising directly from it.

### **4.2 Digital**

None

### **4.3 Risk**

The proposals mitigate the risk of audit committee not having adequate time to consider the financial statements in advance of today's meeting.

### **4.4 Ensuring Equalities**

This report does not recommend any change to policy or practice and therefore does not require an Equalities Impact Assessment.

## APPENDIX A – Report Implications

### A.1 Key Priorities within the Single Midlothian Plan

Financial Stewardship supports the delivery of the key priorities and ensuring Audit Committee has adequate time to consider the financial statements supports the audit committee in promoting effective financial stewardship.

### A.2 Key Drivers for Change

Key drivers addressed in this report:

- Holistic Working
- Hub and Spoke
- Modern
- Sustainable
- Transformational
- Preventative
- Asset-based
- Continuous Improvement
- One size fits one
- None of the above

### A.3 Key Delivery Streams

Key delivery streams addressed in this report:

- One Council Working with you, for you
- Preventative and Sustainable
- Efficient and Modern
- Innovative and Ambitious
- None of the above

### A.4 Delivering Best Value

The report does not directly impact on Delivering Best Value.

### A.5 Involving Communities and Other Stakeholders

There has been engagement with EY our external Auditors during the completion of the financial statements.

### A.6 Impact on Performance and Outcomes

There is no impact on performance or outcomes.

### A.7 Adopting a Preventative Approach

There is no direct impact on the Councils approach to prevention.

### A.8 Supporting Sustainable Development

There are no direct sustainability issues arising from this report.