

London Borough of Enfield

General Purposes Committee

22 April 2021

Subject: Statement of Accounts 2019/20

Cabinet Member: Cllr Maguire, Cabinet Member for Finance

Executive Director: Fay Hammond, Executive Director Resources

Key Decision: N/A

Purpose of Report

1. The report provides an update on changes made to the draft accounts arising from the audit process with BDO and presents the final 2019/20 accounts for approval by the Committee.

Proposals

2. General Purposes Committee is recommended to approve the final Statement of Accounts.
3. General Purposes Committee is recommended to delegate authority to the Chair of the Committee in liaison with the Executive Director of Resources to agree any minor changes to the Council's Statement of Accounts which may arise as a consequence of the outstanding review work being undertaken by BDO.

Reason for Proposal

4. It is a statutory requirement for the General Purposes Committee to approve the final Statement of Accounts to enable the external auditor, BDO to issue the audit opinion.

Relevance to the Council Plan

5. Strong financial governance underpins the Council's Corporate Plan objectives of:
 - Good homes in well connected neighbourhoods;
 - Safe, healthy and confident communities; and
 - An economy that works for everyone

Background

6. The Audit and Accounts Regulations require local authorities to submit draft accounts signed off by the s151 Officer for audit by 31 March each year and for the audited accounts to be approved by the General Purposed Committee and signed off by the s151 Officer and for the audit opinion to be issued by 31 August. There is no requirement for the draft accounts to be presented to

Committee but this is good practice which is followed by Enfield and many other local authorities.

7. Due to the global Covid-19 pandemic, for the 2019/20 Statement of Accounts only the statutory deadlines were relaxed to 31 August 2020 for the publication of the draft accounts and 30 November for the final audited accounts.
8. MHCLG has consulted on the deadlines for draft and audited accounts from 2020/21 onwards in light of the recommendations of the Redmond review which were considered at the March meeting of this Committee especially the increasing number of authorities not meeting the statutory deadlines given the challenges across the entire sector. 55% of local authorities did not hit the 30 November deadline and currently in the order 147 authorities (30%) have still not completed.
9. MHCLG had proposed 1 August as the deadline for draft accounts and 30 September for audited accounts, effectively giving local authorities four months to prepare their accounts and the auditors two months to undertake their review and sign off. There has been a general consensus from many including the National Audit Office (NAO) and the audit firms that this not workable. This is especially the case for 2020/21 where the audit firms have been continuing to work on 2019/20 accounts well beyond the 30 November 2019 deadline.

Key headlines from the final Statement of Accounts

10. The Council's General Fund balances are unchanged from the draft accounts presented in July and are maintained at the policy level of £13.950m
11. However, there have been a number of changes made to the accounts as part of planned work and as a consequence of the findings of the audit work undertaken by BDO. The full detail of these is set out in the Adjusted Audit Differences section of BDO's Audit Completion Report, also on the agenda of this meeting.
12. The Pension Fund liability in the draft accounts is based on actuarial work undertaken ahead of the financial year and this is reworked post year end and after the submission of the draft accounts. The revised assessment has given rise to a movement of £310.922m including a small adjustment for the transfer of a school to an academy trust. There has also been an adjustment of £17.593m to reflect the impact of the decrease in net assets of the Pension Fund on Enfield Council's accounts.
13. There are changes to Property Plant and Equipment. £29.719m of work on Meridian Water has been moved from Assets Under Construction to Surplus Assets and then impaired as it has not added value to the asset. There has also been an £18.000m increase in the value of Meridian Water at highest and best use, being Strategic Industrial Land rather than Residential.
14. School Cash Balances were incorrectly classified as Investment and there has been a move between the two lines of the balance sheet to make the adjustment of £17.021m
15. The Housing Benefit Subsidy accrual has been adjusted to address a timing difference of 5 days amounting to £3.504m.

Future Work Plan

16. Despite the improvements to the scope of valuations work and the implementation of the CIPFA Asset Register in 2019/20 it is clear there is much more to be done. The BDO Audit Completion Report sets out a number of management actions for the Finance Team to take to deliver the further improvement including a review of 2019/20 process, review of finance structure, securing sufficient resource and putting in stringer arrangements for quality control especially for valuations work. Work is already underway on all of these and a report will be presented to the next GPC setting out the plan and progress made for the Committee to review.

Safeguarding Implications

17. There are no safeguarding implications arising from this report.

Public Health Implications

18. There are no public health implications arising from this report.

Equalities Impact of the Proposal

19. There are no equalities implications arising from this report.

Environmental and Climate Change Considerations

20. There are no environmental and climate change implications arising from this report.

Risks that may arise if the proposed decision and related work is not taken

21. There would be a material reputational risk to the Council were the final Statement of Accounts not to be approved by the General Purposes Committee. The Council would be in a position of having no signed off accounts and no audit opinion.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

22. There is still risk of the need for adjustments to be made to the accounts. The Finance Team will continue to work closely with BDO addressing any residual queries.

Financial Implications

23. The financial implications are set out in the body of the report.

Legal Implications

24. The Council has a statutory duty to arrange for the proper administration of its financial affairs and a fiduciary duty to the taxpayers with regards to the use and accounting for public monies. This report contributes to the discharge of these duties.

Workforce Implications

25. There are no workforce implications arising from the report.

Property Implications

26. There are no property implications arising from the report.

Other Implications

27. None

Options Considered

28. None

Conclusions

29. The audit is substantially complete and BDO will be concluding work on the Draft Completion of Audit Report and delivering the report as Final.

Report Author: Matt Bowmer
Interim Director Finance & Commercial
matt.bowmer@outlook.com
02083795580

Date of report 14 April 2021

Appendices

Statement of Accounts

Background Papers