

This Report will be made public on 7 March 2023



Report **AuG/22/24**

To: Audit and Governance Committee
Date: 15 March 2023
Head of Service: Charlotte Spendley, Director of Corporate Services
Cabinet Member: Councilor David Monk, Leader of the Council

Subject: Statement of Accounts 2020/21

Summary: In accordance with the Accounts and Audit (Amendment) Regulations 2021 the council must consider and approve its Statement of Accounts no later than 30 September 2021. The audit of the 2020/21 Accounts has now been fully completed. The final audit findings in relation to the audit of the 2020/21 Statements of Account are set out in Grant Thornton's Audit Findings report.

Reasons for recommendations:

The Committee is asked to agree the recommendations set out below because the Accounts and Audit (Amendment) Regulations 2021 require the council to consider and approve its Statement of Accounts no later than 30 September, to enable publication to be made by that date.

Recommendations:

1. To receive and note Report AuG/22/24.
2. To consider Grant Thornton's final 2020/21 Audit Findings report (ISA 260) on the 2020/21 Statement of Accounts.
3. To consider the Auditors final 2020/21 Annual Report covering the Value for Money conclusion.
4. To note the 2020/21 Audit Opinion.
5. To receive and approve the audited 2020/21 Statement of Accounts.
6. To note and approve the Letter of Representation

1. INTRODUCTION AND BACKGROUND

- 1.1 The 2020/21 Statement of Accounts have been prepared in accordance with the relevant Code of Practice on Local Authority Accounting in the United Kingdom and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS).
- 1.2 The Ministry of Housing, Communities and Local Government (MHCLG) revised Accounts and Audit Regulations on 9 March 2021. The Accounts and Audit (Amendment) Regulations 2021 (SI 2021/263) extended the statutory audit deadline for 2020/21 and 2021/22 for all local authorities.

The council must comply with the provisions of the Accounts and Audit (Amendment) Regulations 2021. Concerning the signing, approval and publication of the Statement of Accounts:-

- i) The responsible financial officer must, no later than 31 July 2021, sign and date the statement of accounts and certify that it presents a true and fair view of the financial position of the council at the end of the financial year and of the council's income and expenditure for that year. The Director of Corporate Services in her role as Chief Finance Officer, signed and dated the accounts on 25 June 2021.
 - ii) The council must, no later than 30 September 2021, consider and approve the audited statement of accounts by way of resolution. The accounts are submitted for consideration and approval under this Agenda.
 - iii) Following approval by this Committee, the person presiding at the Committee must sign and date the statement of accounts.
 - iii) No later than 30 September 2021, the council must publish its audited statement of accounts (including the annual governance statement and narrative statement) together with any certificate or opinion entered by the auditor.
- 1.3 It has not been possible to meet the deadlines due to a number of factors beyond the Council's control. All external auditors have faced difficulties as resulting from the impact of Covid equally a national issue in relation to the accounting treatment of Infrastructure Assets has caused a significant delay in finalising the audit.

2. STATEMENT OF ACCOUNTS 2020/21

- 2.1 The draft 2020/21 Statement of Accounts were presented to the Committee at its meeting on 29th July 2021, at which time external audit was already underway.
- 2.2 Since the draft 2020/21 Statement of Accounts were presented on the 29th July regular updates have been provided to Audit and Governance Committee on the progress of the audit. The key dates and reports are:-

- **29th July 2021**- draft 2020/21 Statement of Accounts signed and dated by the Chief Finance Officer on 25 June 2021, reported to the Committee.
- **28 September 2021**- This Committee received Grant Thornton's 2020/21 Annual Report covering the Council's Value for Money Arrangements, which was approved.
- **8 December 2021**-This Committee received Grant Thornton's draft 2020/21 Audit Findings Report (ISA260) with the audit substantially complete together with the 2020/21 Accounts. The Chair was authorised to sign the Accounts and Letter of Representation.
- **16 March 2022**- The Committee received an updated Audit draft 2020/21 Audit Findings Report (ISA260). It was noted that due to a national issue relating to accounting for Infrastructure Assets the external auditor was not able to sign the opinion on the 2020/21 Accounts until further work was undertaken or an override was received.
- **21 September 2022**-Update provided by Grant Thornton that audit was practically complete aside from the delay in relation to the national Infrastructure Assets issue. it was not possible for the external auditor to provide the final signed 2020/21 Audit Report and Opinion until this was resolved.

2.2 This report therefore concludes the audit of the 2020/21 Statement of Accounts with the submission of the updated 2020/21 Statement of Accounts as amended following the completion of the audit by Grant Thornton.

2.3 The report contains the following documents as Appendices.

- Appendix 1- The final 2020/21 Audit Findings report from Grant Thornton in accordance with the International Standard of Auditing (ISA 260).
- Appendix 2-The final 2020/21 Annual Report covering the Value for Money Conclusion.
- Appendix 3- The 2020/21 Audit Opinion.
- Appendix 4- The audited 2020/21 Statement of Accounts.
- Appendix 5- Letter of Representation.

3. 2020/21 AUDIT OF THE ACCOUNTS

3.1 The Accounts and Audit (Amendment) Regulations 2021 require the statement of accounts for 2020/21 to be prepared by 31 July and the audit completed by 30 September. The draft 2020/21 Statement of Accounts were prepared for audit on the 25th June 2021 and made available for inspection by the public by the 1st August.

3.2 Members will wish to consider the 2020/21 Audit Findings Report, the 2020/21 Annual Report covering the Value for Money judgement and the Audit Opinion which Paul Dossett from Grant Thornton will introduce.

- 3.2 The external audit for 2020/21 which has been undertaken by Grant Thornton is now complete. The financial statements which were received by this Committee on the 29th July 2021 have been adjusted in line with the recommendations from Grant Thornton as described in their Audit Findings report Appendix 1 and are therefore reflected in the audited 2020/21 Statement of Accounts which are attached as Appendix 4.
- 3.3 In summary the main adjustments include reclassification of items on the balance sheet relating to Otterpool Land including Otterpool Land Options and the treatment of a year-end creditor and together with the addition of disclosure notes. These adjustments are identified in Grant Thornton's Audit Findings report (Appendix 1) and have been reflected in the draft Statement of Accounts reported as set out in Appendix 2.
- 3.4 It is important to note that the Audit Opinion in respect of the 2020/21 Accounts will be an Unqualified Opinion. It is also important to note that the adjustments arising from the audit have not resulted in a change in the financial position of the Council or impacted on the Council's Reserves and Balances previously reported in the draft accounts to Audit and Governance Committee.

4. CONCLUSION

- 4.1 The audited 2020/21 Statement of Accounts are unsigned at this stage. The Committee is asked to approve the Statement of Accounts for 2020/21 in accordance with the Accounts and Audit (Amendments) Regulations 2021. Following approval by the Committee these will be signed by the Chief Financial Officer, Charlotte Spendley and the Chair of the Audit and Governance Committee is requested to sign the 2020/21 Statement of Accounts (Appendix 4) and the Letter of Representation (Appendix 5) to confirm they have been considered and approved by the Audit and Governance Committee. Following the completion of these signatures Paul Dossett the Key Audit Partner at Grant Thornton will sign the Audit Opinion.

5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

5.1 Legal Officer's Comments (AK)

There are no legal implications arising directly out of this report that are not already referred to in the report.

5.2 Finance Officer's Comments (CS)

This report has been prepared by Financial Services and all financial matters are contained within the body of the report.

Diversity and Equalities Implications (CS)

- 5.3 There are none arising directly from this report

6. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Charlotte Spendley – Director of Corporate Services

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The following background documents have been relied upon in the preparation of this report:

Appendices:

Appendix 1- The final 2020/21 Audit Findings report from Grant Thornton in accordance with the International Standard of Auditing (ISA 260).

Appendix 2-The final 2020/21 Annual Report covering the Value for Money Conclusion.

Appendix 3- The 2020/21 Audit Opinion.

Appendix 4- The audited 2020/21 Statement of Accounts.

Appendix 5- Letter of Representation.