



**Governance and Audit
Committee**

Tuesday, 9 November 2021

Subject: Audited Statement of Accounts 2020/21

Report by:	Section 151 Officer
Contact Officer:	Tracey Bircumshaw Assistant Director of Finance, Business Support and Property Services (S151) tracey.bircumshaw@west-lindsey.gov.uk
Purpose / Summary:	To present the Audited Statement of Accounts

RECOMMENDATION(S):

- 1) That Members review the attached Statement of Accounts and confirm that there are no concerns arising from the Financial Statements that need to be brought to the attention of the Council.**
- 2) That Members approve the Statement of Accounts for 2020/21 and their certification by the Chair of the Committee.**
- 3) That Governance & Audit Committee permit the Section 151 Officer and the Chairman of this Committee to certify the letter of representation to our Auditor, Mazars, on completion of the audit.**

IMPLICATIONS

Legal: None arising from this report

Financial : FIN/128/22/TJB

The Statements of Accounts 2020/21 has been prepared in accordance with proper accounting practices and the requirements of International Financial Reporting Standards (IFRS). This is intended to provide for comparable accounts across all accounting boundaries, public and private, national and international.

The Actual overall Outturn has realised a surplus of £2.783m, of which £1.413m relates to one off budget provision for projects funded from reserves and which have approval for carry forward as they span financial years.

This leaves a £1.370m surplus (6.67% of the approved budget) which has been transferred to General Fund balances.

Whilst the accounts include these movements the outturn surplus compares to the Comprehensive Income and Expenditure Statement surplus on Provision of Services of £0.219m, the difference being accounting adjustments which are explained in the Expenditure Funding Statement (Note 7) within the accounts.

Capital Investment totalled £9.034m.

In respect of Usable Reserves, we remain in a healthy position with balances detailed below;

- General Fund working balance totals £7.338m, (£4.233m 2019/20)
- General Fund Earmarked reserves total £18.217m, (£15.787m 2019/20)
- Capital receipts total £1.169m (£3.463m 2019/20)
- Capital Grants unapplied £2.367m (£0.538m 2019/20)

Staffing : None arising from this report

Equality and Diversity including Human Rights : None arising from this report

Data Protection Implications : None arising from this report

Climate Related Risks and Opportunities: None arising from this report

Section 17 Crime and Disorder Considerations: None arising from this report

Health Implications: None arising from this report

Title and Location of any Background Papers used in the preparation of this report :

Code of Practice on local authority accounting in the United Kingdom 2020/21.
Code of Practice on Local Authority Accounting in the United Kingdom – Guidance notes for practitioners 2019/20 Accounts.
The Accounts and Audit (England) Regulations 2015.
Papers are located in the Financial Services section, Guildhall.

Risk Assessment :

The Council has a number of financial risks which are disclosed throughout the Statement of Accounts and include such items as

- Valuations of Property, Plant, Equipment, Pension Liability
- Credit risk of investments
- Investment risk
- Budget Risks

Risks are mitigated through holding contingency/risk reserves, managing them in accordance with approved strategies and effective monitoring

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

Executive Summary

1 Introduction

- 1.1 The Audited Statement of Accounts for 2020/21 (Appendix A) has been prepared under the International Financial Reporting Standards based Code of Practice on Local Authority Accounting (the Code).
- 1.2 Following the Accounts and Audit Regulations 2015 the Council's Statement of Accounts, subject to audit, must be certified by the Chief Finance Officer and published before the 31 May. Following completion of the external audit the Council must formally approve the accounts before the 31 July. However, due to the current situation regarding Covid-19, these deadlines have once again been extended. The unaudited accounts had to be published on, or before 31 July 2021. Audited accounts must be published by 30 September 2021.

2. Changes since the Draft Statement of Accounts

- 2.1 During the period between the publishing of the Draft Statement of Accounts and their finalisation, there have been 2 material adjustments (identified in September) which have resulted in changes to the Movement In Reserves, the Comprehensive Income and Expenditure Account and the Balance Sheet and throughout the Notes to the Accounts, these have been agreed with the Auditor.
 - The actual pension liability calculated by the Actuary totalled £47.453m (£48.605), a reduction of £1.152 on that estimated as at 31 March. This resulted in reductions in our Balance Sheet Net Liabilities and Unusable Pension Reserve.
 - The remaining balance of £0.992m relating to the Additional Restrictions Grant, issued by Government to support businesses through the impact of Covid, was treated as a Revenue Grant Unapplied as no conditions for repayment were detailed in the grant agreement. However, subsequently the Government made clarification that any remaining balance would be repayable, therefore this amount should be held as a creditor on the Balance Sheet. This reduced our Comprehensive Income and Expenditure - Surplus on Provisions of Service from £1.211m to £0.219m and increased our Balance Sheet Net Liability

These changes have resulted in an overall reduction in the Council's Balance Sheet Net Liabilities from £2.703m to £2.543m.

- 2.2 There have been no events after the reporting period to declare.

3. External Audit

- 3.1 Due to these late changes, and the ongoing Audit of the Statement of Accounts, the Council were unable to certify the Statement of Accounts by the 30 September.
- 3.2 The External Auditor (Mazars) commenced their audit 16 June 2021. At this time, the Audit remains open due to ongoing work related to the Value for Money assessment and the Whole of Government Accounts instructions not yet being issued.

4. Governance and Audit Committee

- 4.1 This Committee is responsible for the approval of the Statement of Accounts and any material amendments recommended by the external auditors.
- 4.2 Members of Governance and Audit Committee have been provided with specific training on the Statement of Accounts to enable them to meet these requirements.
- 4.3 The Statement of Accounts (Appendix A) also includes the approved Annual Governance Statement (AGS), as in previous years whereby the Council publishes one document, clearly identifying that these are separate statements.
- 4.4 Whilst the Statement of Accounts, has been available for inspection by the electorate from 15 June 2021 to 26 July 2021 no such requests have been made.
- 4.5 It is recommended that Members having considered the Statement of Accounts and confirm that there are no concerns arising from the Financial Statements that need to be brought to the attention of the Council.
- 4.6 Members are requested to approve the Statement of Accounts for 2019/20 and permit the Chief Finance Officer in consultation with the Chairman of this Committee to certify the letter of representation to Mazars on completion of the audit. A copy of the letter can be found at Appendix B.
- 4.7 As part of the external audit process the Chairman of this Committee and the Chief Finance Officer have provided written assurance to the auditors on a number of matters relating to the processes in place to prevent, detect and report fraud.