



**Governance and Audit
Committee**

**Tuesday, 28 September
2021**

Subject: Update on Statement of Accounts 2020/21 and External Audit

Report by:

Assistant Director of Finance and Property
Services and Section 151 Officer

Contact Officer:

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Purpose / Summary:

To inform members that the approval of the
Statement of Accounts will be delayed

RECOMMENDATION(S):

1. Members note the reasons for the delay of the approval of the Statement of Accounts.

IMPLICATIONS

Legal:

The Accounts and Audit (Amendment) Regulations 2021 have implemented these new deadlines by amending the Accounts and Audit Regulations 2015 make it a statutory requirement to publish an audited Statement of Accounts by 30 September 2021.

Financial : FIN/90/22/TJB

None from this report

Staffing :

None from this report

Equality and Diversity including Human Rights :

None from this report

Data Protection Implications :

None from this report

Climate Related Risks and Opportunities:

None from this report

Section 17 Crime and Disorder Considerations:

None from this report

Health Implications:

None from this report

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

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Risk Assessment :

Inadequate timescale to restate the accounts for changes in pension fund valuation.

As a consequence a delay in the issuing of an audit opinion

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

x

Key Decision:

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

Yes

No

x

1. Background

1.1 The Accounts and Audit (Amendment) Regulations 2021

The council is required by The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 to present its Statement of Accounts (and associated documents) for public inspection for a period of 30 working days, which must include the first 10 working days of June, this allows for a common inspection period with all other (Category 1) local authorities.

However, the Ministry of Housing, Communities & Local Government has extended the statutory deadlines for local authorities to approve and publish their accounts for the 2020/21 and 2021/22 financial years.

The revised deadlines applicable to local authorities are as follows:

- Approve Draft Accounts 31 July (previously 31 May).
- Public Inspection Period to start on or before first working day of August (previously included first 10 working days of June).
- Publish Final Audited Accounts 30 September (previously 31 July).

The Accounts and Audit (Amendment) Regulations 2021 have implemented these new deadlines by amending the Accounts and Audit Regulations 2015.

2. Material changes to the Accounts

- 2.1 The Council received £0.992 of Additional Restrictions Grant during 2020/21, which was for the purpose of providing direct support to businesses, or for wider business support activities, determining how much funding to provide to businesses and exactly what businesses get targeted and was deemed that these discretions deemed the Council was not acting as an agent of the Government

As at the 31 March there was no indication that there were conditions to repay any unspent amounts as at the grant end date of 31 March 2022. Therefore the grant was correctly recognised in the Comprehensive Income and Expenditure Account with remaining balances transferred to the Revenue Grant Unapplied Reserve.

Subsequently in July 2021, the Department for Business, Energy and Industrial Strategy clarified that any unspent amounts would be required to be repaid, and therefore should be recognised as a revenue receipt in advance and therefore a Short Term Creditor within the accounts. Due to the material value of this transaction (£0.992m) being above our materiality levels, the accounts have required restatement.

3. Pensions Liability

- 3.1 The Pension Liability valuation as at the 31 March was estimated by our actuary, Barnett Waddingham, and totalled £48.605m. We have this week received an updated report on the valuation as at 31 March 2021 reflecting the

actual valuation of £47.453m. Due to the material change of £1.152m the accounts are currently being restated and will be represented to the auditor for final review.

4. Pending Issues

- 4.1 We reported in our accounts for 2020/21 a contingent liability in relation to our partial exemption calculation being exceeded in year due to exceptional capital expenditure in the year in relation to the Crematorium design and construction. Evidence was provided over a 7 year period. At the time HMRC had issued a notification that they considered the breach exceptional but not insignificant and that £0.740m relating to 2019/20 VAT would be repayable. The Council has submitted an appeal against this decision and has yet to receive the HMRC's response.

5. Statement of Accounts

- 4.1 As a consequence of these changes and the need to update the Statements, the statutory deadline will not be met.
- 4.2 As with many other councils throughout the country who have a similar issues and in addition to ongoing audits, West Lindsey District Council will be listed as not meeting the statutory deadline.
- 4.3 Mandatory training for the members of the Governance and Audit Committee will be rearranged once the amendments to the Statements have been finalised.
- 4.4 The Statement of Accounts 2020/21 and External Auditors reports will therefore be presented to the next meeting of the Governance and Audit Committee on 9 November 2021.

