



**Governance and Audit  
Committee**

**19 July 2022**

**Subject: Unaudited Statement of Accounts 2021-22**

Report by:	Direct of Corporate Services and Section 151 Officer
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Purpose / Summary:	The 2021/22 Unaudited Statement of Accounts is presented for scrutiny

**RECOMMENDATION(S):**

That Members pre- scrutinise the attached Unaudited Statement of Accounts. Any comments of this Committee will be referred to the 151 Officer and External Auditors, Mazars.

## IMPLICATIONS

**Legal:** The Statement of Accounts is prepared in accordance with the Accounts and Audit Regulations 2015.

**(N.B.) Where there are legal implications the report MUST be seen by the MO**

### **Financial: FIN/52/23/EVF**

The Unaudited Statements of Accounts 2021/22 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 £1.612m, of which £0.828m relates to one off budget provision for projects funded from reserves and which have approval for carry forward as they span financial years. After a transfer to fund resourcing needs of £0.25m, this leaves a £0.534m surplus which will be transferred to the General Fund Balance.

Long Term assets total £64.478m.

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

- General Fund working balance totals £5.406m,
- General Fund Earmarked reserves total £19.214m
- Usable Capital receipts reserve £1.472m
- Capital Grants unapplied £2.516m

A number of financial performance ratios are contained within the report which illustrate that the Council remains in a healthy financial position.

**(N.B.) All committee reports MUST have a Fin Ref**

**Staffing:** None arising from this report.

**(N.B.) Where there are staffing implications the report MUST have a HR Ref**

**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 2020/21 Accounts.  
The Accounts and Audit (England) Regulations 2015  
Papers are located in the Financial Services section, Guildhall

**Risk Assessment :**

Should the auditors find any material errors this may result in a qualification of the accounts:

**Mitigation:** The auditors have been consulted on any material issues identified during the closedown process and agreement has been made on the treatment of such items.

**Mitigation:** A robust quality check has been undertaken and working papers prepared and reviewed.

**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**

## **1 Introduction**

- 1.1 The Unaudited Statement of Accounts for 2021/2 (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 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 31 July. However, due to the current situation regarding Covid-19, these deadlines have been extended. The unaudited accounts must therefore be published on, or before 31 July 2022. Audited accounts must be published by 30 November 2022.
- 1.3 The Committee is presented with the Unaudited Statement of Accounts, which was approved for issue by the S151 Chief Finance Officer on 11th July to the auditor, Mazars which is prior to the statutory deadline of 31 July 2022, for consideration and review.
- 1.4 This Committee is responsible for the approval of the Statement of Accounts and any material amendments of the accounts recommended by the external auditors. The Audited Statement Accounts will therefore be presented to this Committee at the October Audit Committee meeting.
- 1.5 Members of the Governance and Audit Committee will be provided with specific training on the Statement of Accounts to enable them to meet these requirements which will be held a few days prior to the September Committee meeting.
- 1.6 The Statement of Accounts will be combined with the Annual Governance Statement (AGS) as in previous years whereby the Council publishes one document, clearly identifying that these are separate statements.
- 1.7 This Committee will review the Draft Annual Governance Statement alongside the Unaudited Statement of Accounts.
- 1.8 The Statement of Accounts, and all supporting documentation is available for inspection by the electorate and must include the period from 25th July 2022 to 5 September 2022 by appointment only. From 25th July 2022 to 5 September 2022, any local elector may make written representations and/or objections to the external auditor to anything about which the Auditor could take action under section 7 of the Local Audit and Accountability Act 2014. Those sections deal with expenditure made by the District Council which is unlawful, and any matter in respect of which the auditor could make a report under section 7 of the Act. An elector must send a copy of any such objection to Director of Corporate Services.

## **2 The Statement of Accounts**

The Unaudited Statement of Accounts 2021/22 is attached at Appendix A. The main elements of which are detailed below;

### **3.1 Expenditure Funding and Analysis (Note 8 to the accounts)**

This is a statement which details the net expenditure utilised by our service Clusters which (chargeable to the General Fund) when added to the statutory accounting adjustments i.e. capital charges, pensions. This then reconciles to the Comprehensive Income and Expenditure Account.

### **3.2 Comprehensive Income and Expenditure Statement (CIES)**

This Statement records the day-to-day expenditure incurred in providing services and includes salaries and wages, other running costs and financing costs and income due from fees and charges and government grants. This statement also shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, but such raised through Council Tax. In 2021/22 there was a surplus on the Provision of Services totalling £0.933m (£0.219m surplus 2020/21).

### **3.3 Movement in Reserves Statement (MIRS)**

This Statement shows the movement in the year on the different those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of in the CIES. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting.

The Councils usable reserves total £28.608m (£29.089m 2020/21).

### **3.4 Balance Sheet**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). Usable Reserves total £28.0508m (£29.089m 2020/21). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown basis and total a deficit of £19.645m (£31.632m 2019/20) thus giving a net balance sheet position of £8.963m where

assets exceed liabilities and Usable Reserves exceed Unusable Reserves. (£2.703m, Net Liabilities)

### **3.5 Cash Flow Statement**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council. There has been an overall increase in cash of £3.065m (increase of £5.173m 20/21). Which is mainly due to the amount of Business Rates Grants funding yet to be expended.

### **3.6 Notes to the Accounts**

The Notes to the Accounts include additional information including the accounting policies, material items of income and expense and explanations of elements contained within the Comprehensive Income and Expenditure Account and the Balance Sheet.

### **3.7 Other Financial Statements**

The Collection Fund is a statutory fund set up under the provisions of the Local Government Finance Act 1988. It includes the transactions of the charging Authority in relation to Non- Domestic Rates and Council Tax and illustrates the way in which the fund balance is distributed to preceptors and the General Fund.

## **4 Other Matters:**

### **4.1 Scale Fee for the External Audit of the Accounts 2021/22**

It is anticipated that the audit fee for this Statement of Accounts will be approximately £50,000 taking into consideration additional audit work required by the Audit Code. These costs will be met from within the approved budget.

## **5 Summary**

- 5.1 The Unaudited Statement of Accounts 2021/22 attached at Appendix A auditors. The final Audited Statement of Accounts will be presented to Governance and Audit Committee on 11 October 2022.

5.2 It is recommended that Members, having considered the Unaudited Statement of Accounts refer any comments to the Chief Finance Officer for subsequent discussion with the Council's External Auditors, Mazars, prior to issue.

5.3 Members note the scale fee for the External Audit of the Statement of Accounts for 2020/21.

## **6 Recommendations**

6.1 That Members have the opportunity to review the attached Unaudited Statement of Accounts. Any comments of this Committee will be referred to the Section 151 Officer for subsequent discussion with the Council's External Auditors, Mazars.