

Report of	Meeting	Date
Director of Finance and Section 151 Officer	Governance Committee	Wednesday, 29 September 2021

Is this report confidential?	No
------------------------------	----

### **Audited Statement Of Accounts 2020/21**

Is this decision key?	No
-----------------------	----

#### **Purpose of the Report**

- To comply with The Accounts and Audit (England) Regulations 2015, Governance Committee is required to approve the audited Statement of Accounts for each year. This report presents the Statement for 2020/21 for approval. The formal deadline for approval is 30 September 2021. The Statement is required to be accompanied by the approved Annual Governance Statement (AGS) for the year. The AGS for 2020/21 was approved by the Committee on 25 May 2021.

#### **Recommendations to Governance Committee**

- The Committee is recommended to:
  - Approve the audited Statement of Accounts for 2020/21 (Appendix A), subject to any amendments which in the opinion of the Chief Financial Officer (Section 151 Officer) are minor in nature, such minor amendments to be defined as non-material to the financial position of the authority. The Chief Financial Officer will exercise this delegation in consultation with the Chair of Governance Committee. In the event the Chief Financial Officer is of the opinion the amendments are material to the financial position of the authority, Governance Committee will be reconvened to approve the new Statement of Accounts.
  - Consider and approve the Letter of Representation contained at Appendix B and authorise the Chief Financial Officer and Chair of the Committee to sign the letter.

#### **Reasons for recommendations**

- Approval of the financial statements is required in order to comply with The Accounts and Audit (England) Regulations 2015, while approval of the Letter of Representation is required as part of the formal conclusion of the audit for the year.

## Other options considered and rejected

4. The matters presented in this report and the recommendations made are necessary to meet formal statutory responsibilities and so there are no alternative courses of action.

## Corporate priorities

5. The report relates to the following corporate priorities:

<b>An exemplary council</b>	<b>Thriving communities</b>
A fair local economy that works for everyone	Good homes, green spaces, healthy places

## Background to the report

6. Governance Committee received the unaudited Draft Statement of Accounts 2020/21 at its meeting of the 27<sup>th</sup> July 2021. The usual timetable would have seen this happen at the meeting on 25<sup>th</sup> May 2021, with the audit being completed and the audited version of the Statement presented to the Committee at the July meeting, but for 2020/21 the regulations were amended to put each of these dates back by two months. Accordingly, members are now presented with the audited Statement of Accounts 2020/21 for approval at Appendix A.
7. At the time of writing this report the auditor had yet to fully complete their audit work on the Statement of Accounts for 2020/21, but expects to issue an unqualified audit opinion on those accounts. Details of the auditor's findings as a result of their audit will be presented in their Audit Findings Report elsewhere on this agenda.
8. As a result of the ongoing audit, the Statement of Accounts included at Appendix A contains the amendments identified and required by the auditor as at the date of writing this report. There is no matter outstanding which is expected to result in a material change to the Statement as presented.
9. The main changes made, compared to the Draft Statement, are:
  - a) A prepayment to the Lancashire Pension Fund of employer's pension of £2.481m, which was originally included within Short Term Debtors on the Balance Sheet, has instead now been netted off against the Pension Liability.
  - b) An amount of £189k was incorrectly classified within Note 9 and has been moved from 'Government grants and contributions' to 'Fees, charges and other service income'.
  - c) Funding of £432k for Covid-19 Additional Restrictions Grant, originally classified as having been administered by the Council as an agent of Central Government, has been reclassified as having been received by the Council as principal. It has now been included, together with the matching grant payments, in the Council's accounts. (See Note 33 of Appendix A for more detail.)
  - d) A disclosure has been added in respect of the Council's responsibility for future leisure services pensions.
  - e) Following notification from Lancashire Pension Fund that the lump sum figure for prepayment of future employer's contributions had been understated, a further £236k has been charged to expenditure for 2020/21.Of these, only item e) has an impact on the Council's overall financial position at 31 March 2021.

10. Amendments other than those identified above are minor and largely presentational in nature. Until the audit is formally concluded, then the Statement remains subject to the possibility of further amendments. Should there be any further changes between now and when the Committee meets, whether as a result of remaining or further audit queries, other requests by or recommendations of the auditor, or for the correction of typographical errors, then these will be presented at the meeting alongside Appendix A.

### **Accounts and Audit Regulations 2015**

11. On conclusion of the audit, The Accounts and Audit Regulations 2015 specify the following requirements.

12. The responsible financial officer must reconfirm on behalf of the authority that they are satisfied that the statement of accounts presents a true and fair view of the financial position of the Authority at the year end, and the income and expenditure for the year before that authority approves it. Then the authority, in the following order, must:

- a) consider, either by way of a committee or by the members meeting as a whole, the statement of accounts;
- b) approve the statement of accounts by a resolution of that committee or meeting;
- c) ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which that approval is given.

13. An authority then must, after approving the statement of accounts, but (for 2020/21) not later than 30th September or, if the audit of the statements has not been completed by that date, as soon as is reasonably practicable thereafter, publish (which must include publication on the authority's website):

- a) the statement of accounts together with any certificate or opinion, entered by the local auditor;
- b) the annual governance statement; and
- c) the narrative statement.

14. Therefore, following consideration and approval by this Committee, the Chair should sign and date the Statement of Responsibilities within the Statement of Accounts, which should also be re-certified by the Chief Financial Officer.

15. Once approved the Statement of Accounts will be published on the South Ribble Borough Council web site at <https://www.southribble.gov.uk/article/1235/Statement-of-accounts> .

### **Letter Of Representation**

16. The Letter of Representation at Appendix B is a letter issued by an auditor's client to the auditor in writing to be used as audit evidence. Audit evidence is the information used by the auditor in arriving at the conclusions on which the auditor's opinion is based. The date of the document must not be later than the date of audit work completion. It is used to let the client's management declare in writing that the financial statements and other presentations to the auditor are sufficient and appropriate and without omission of material facts to the financial statements, to the best of the management's knowledge. It is prepared in accordance with International Standards on Auditing. For audit evidence, it is reliable if the auditor has no other means of obtaining evidence.

17. The Chair and the Acting Chief Finance Officer should sign the Letter of Representation attached at Appendix B so that it can be issued to the External Auditor to support the audit process and their audit opinion.

### **Climate change and air quality**

18. The work noted in this report does not impact the climate change and sustainability targets of the Councils Green Agenda and all environmental considerations are in place.

### **Equality and diversity**

19. There are no implications for equality and diversity arising from this report.

### **Risk**

20. Risk implications apply in relation to the Accounts and Audit Regulations 2015 to prepare financial statements in accordance with the statutory timetable. The accounts must be compliant with the relevant standards and must be prepared on a true and fair view basis. Failure to comply could result in a failure to meet the statutory duty.

### **Comments of the Statutory Finance Officer**

21. In compliance with the Accounts and Audit (England) Regulations 2015, the audited Statement of Accounts (SOAs) is attached and presented to Governance Committee for approval. I can confirm that there are no adjustments that have been made that impact on the outturn position of the Authority that was reported to Governance Committee in July 2021, other than that specified at paragraph 10e). The Narrative Report is included with the Statement of Accounts and this provides information on the authority, its main objectives and strategies and the principal risks that it faces. It also provides a commentary on how the authority has used its resources to achieve its desired outcomes in line with its strategic objectives and strategies.

### **Comments of the Monitoring Officer**

22. This report is presented to comply with the Accounts and Audit Regulations (England) 2015 and various other Regulations and Statutory Codes of Practice. There are no legal implications beyond this.

## Background documents

- Accounts and Audit (England) Regulations 2015
- The Accounts and Audit (Amendment) Regulations 2021
- Local Government Finance Act 1988, Section 114
- The Local Government and Housing Act 1989, Section 56(5)
- South Ribble Borough Council (unaudited) Statement of Accounts 2020/21 - Report to Governance Committee, 27<sup>th</sup> July 2021
- South Ribble Borough Council Budget Outturn Report 2020/21 - Report to Cabinet, 16<sup>th</sup> June 2021
- Grant Thornton Audit Findings Report - Report to Governance Committee, 29<sup>th</sup> September 2021

## Appendices

- Appendix A: Statement of Accounts for South Ribble Borough Council for year ended 31 March 2021 (for approval and signing).
- Appendix B: Letter of Representation 2020/21 (for approval and signing).

Report Author:	Email:	Telephone:	Date:
Tony Furber (Principal Financial Accountant)	<a href="mailto:tony.furber@southribble.gov.uk">tony.furber@southribble.gov.uk</a>	01772 625625	21 <sup>st</sup> September 2021