

# Statement of Accounts Update

**Governance and Audit Committee** 27 July 2022

<b>Report Author</b>	Chris Blundell, Director of Finance and Section 151 Officer
<b>Portfolio Holder</b>	Cllr David Saunders, Cabinet Member for Finance
<b>Status</b>	For Decision
<b>Classification:</b>	Unrestricted
<b>Key Decision</b>	No
<b>Ward:</b>	All Wards

## Executive Summary:

This report provides the committee with a progress update on the audit of the 2020/21 accounts. A representative from Grant Thornton will present their interim Audit Findings Report, which is included at Annex 1 to this report.

## Recommendation(s):

That the committee notes the progress with the audit of the 2020/21 statement of accounts.

## Corporate Implications

### Financial and Value for Money

As detailed within the body of the report

### Legal

Section 3 of the Local Audit and Accountability Act 2014 requires local authorities to prepare a statement of accounts.

Local authorities must produce their accounts in accordance with the Code of Practice on Local Authority Accounting. In England and Wales, the Code constitutes a 'proper accounting practice' under the terms of Section 21(2) of the Local Government Act 2003.

These proper practises apply to statements of accounts prepared in accordance with the statutory framework established for England by the Accounts and Audit Regulations 2015. The audit of those accounts is undertaken in accordance with the statutory framework established by Sections 3 and 20 of the Local Audit and Accountability Act 2014

### *Risk Management*

*This section of the report should address each step of our Risk Management process that has been adopted to identify, evaluate and control and mitigate risks. Full details are provided in our Risk Management Strategy, but in summary the following should be considered:*

#### *Identify*

*Asking the following questions can help identify risks:*

- *If in a year from now we haven't achieved this objective, why – what could have stopped us?*
- *What could realistically go wrong?*
- *What do we need in order to achieve this objective? Do we depend on others to succeed?*
- *What opportunities might arise?*

#### *Evaluate*

*The purpose of this step is to understand the scale of the risks that have been identified and whether or not we need to take action to lower or manage the impact and/or likelihood.*

#### *Control and Mitigate*

*Risk treatment involves taking actions to reduce likelihood of the risk occurring, or limiting the impact if the risks did materialise.*

*There are 4 principal ways in which we can respond to risks, these are known collectively as 'the Four Ts': Treat, Tolerate, Transfer, Terminate.*

## **Corporate**

This forms part of the external audit process

## **Equality Act 2010 & Public Sector Equality Duty**

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

There are no equity and equalities implications arising directly from this report, but the Council needs to retain a strong focus and understanding on issues of diversity amongst the local community and ensure service delivery matches these.

## **Corporate Priorities**

This report relates to the following corporate priorities: -

- Growth
- Environment
- Communities

## **1. Introduction and Background**

- 1.1. This report provides the committee with an update on the audit of the 2020/21 accounts. A representative from Grant Thornton will present their interim Audit Findings Report, which is included at Annex 1 to this report.

## **2. Progress Update on the Audit of the 2020/21 Accounts**

- 2.1. The external audit of the council's statement of accounts is now largely complete. However there still remain two matters of critical judgement that need to be resolved before the audit can be completed. These matters relate to the provisions that were created to recognise anticipated revenue costs associated with the berth 4/5 capital scheme and also costs associated with disciplinary and grievance matters.
- 2.2. These are on-going, dynamic and complex matters and consequently the estimates that were made when the draft accounts were published on 30 July 2021 need to be revisited due to the passage of time. Further supporting information has also been requested from third parties in order to support the estimates that were made and it is expected these audit matters should be concluded within the coming weeks.
- 2.3. It is anticipated that these matters can be concluded in time for the September Governance and Audit Committee meeting.

## **3. Interim Audit Findings Report**

- 3.1. A representative from Grant Thornton will present their interim Audit Findings Report, which is included at Annex 1 to this report.

## **4. Statutory Audit Deadlines for 2021/22**

- 4.1. The Accounts and Audit (England) Regulations 2015 require the council (through this Committee) to approve and publish its annual statement of accounts by 31 July. Furthermore, local authorities are required to approve their draft accounts by 31st May, with draft accounts being made available for public inspection for 30 working days, inclusive of the first 10 working days of June.
- 4.2. However, a review conducted by Sir Tony Redmond into local authority auditing and financial reporting (Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting) published in September 2020 highlighted the following findings:
  - The existing statutory audit deadline of 31 July is unrealistic.
  - There is an argument to suggest the deadline should be moved to 30 September to enable audit requirements to be fulfilled effectively.
- 4.3. Subsequently the audit regulations were amended to extend the deadline for publishing the audited accounts to 30 September for two years (2020/21 and 2021/22 accounting years), with further review thereafter. The amended regulations also now require the draft accounts to be published by 1st August, again representing an extension from the previous 31st May deadline.
- 4.4. The Council was successful in publishing its draft 2020/21 accounts by 1 August 2021 and will aim to meet the 1 August 2022 deadline for this year's 2021/22 accounts. However, due to recent staffing changes at the authority key finance staff, including Mr Chris Blundell

Acting Deputy Chief Executive and Mr Matthew Sanham Acting Director of Finance & Operations, have needed to prioritise their time and focus on other activities and as such it is probable that the draft accounts will be published after the statutory deadlines.

- 4.5. There are no significant implications of missing this deadline, aside from having to publish a notice on the council's website informing readers of the delay. The audit of the 2021/22 accounts is scheduled to begin in October 2022 and therefore a minor delay in publication of the draft accounts will not impact upon the scheduling of the audit.

Contact Officer: *Chris Blundell, Acting Deputy Chief Executive*  
Reporting to: *Colin Carmichael (Interim Chief Executive)*

### **Annex List**

Annex 1: Interim Audit Findings Report

### **Corporate Consultation**

**Finance:** *Not applicable*

**Legal:** *Sameera Khan, Interim Monitoring Officer*