

# Statement of Accounts

**Governance and Audit Committee** 26 July 2023

<b>Report Author</b>	Chris Blundell, Director of Corporate Services and Section 151 Officer
<b>Portfolio Holder</b>	Cllr Rob Yates, Portfolio Holder for Corporate Services
<b>Status</b>	For Decision
<b>Classification:</b>	Unrestricted
<b>Key Decision</b>	No
<b>Ward:</b>	All wards

## Executive Summary:

In accordance with the Accounts and Audit Regulations 2015 and the Council's constitution the Committee is required to approve the Statement of Accounts for 2020-21

## Recommendation(s):

1. That the Committee approves the Statement of Accounts for 2020-21.
2. That the Committee notes the Letter of Representation to Grant Thornton issued by the Director of Corporate Services and Section 151 Officer.

## Corporate Implications

### Financial and Value for Money

There are no financial implications arising directly from this report.

### Legal

This is a statutory requirement in accordance with the Local Audit and Accountability Act 2014 and, Accounts and Audit Regulations 2015 and The Code of Audit Practice

### Corporate

This is part of the external audit process.

### Risk Management

No action on this item would result in non delivery of the statutory requirement pertaining to the accounts, this could result in:

- Loss of confidence
- Reputational damage

## **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.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

## **Corporate Priorities**

This report relates to the following corporate priorities: -

- Growth
- Environment
- Communities

### **1. Introduction and Background**

- 1.1. 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.
- 1.2. However, in response to the coronavirus pandemic these requirements were eased under the Accounts and Audit (Coronavirus)(Amendment) Regulations 2020, in recognition of the impact of COVID-19 on councils' ability to meet this statutory deadline.
- 1.3. The Accounts and Audit (Coronavirus)(Amendment) Regulations 2020 enacted the following changes to the statutory deadlines:
  - The publication date for final, audited, accounts will move from 31 July to 30 November 2020 for all local authority bodies.
  - To give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of June was removed.
  - Instead local authorities were expected to commence the public inspection period on or before the first working day of September 2020.

- 1.4. In accordance with the extended deadlines the draft 2020-21 accounts were signed by the Deputy Chief Executive and Chief Financial Officer on 30 July 2021 and published on the Council's website.
- 1.5. Grant Thornton then commenced their audit of the accounts and an External Auditors progress report was presented to G&A in December 2021, this highlighted the ongoing issues as described elsewhere in this report.

## **2. Progress with and Delays to the Audit of the Accounts**

- 2.1. Clearly the Council has not met its requirement to publish its 2020/21 annual accounts by 30 November 2021 and there have been various factors that underpin the delays in the completion of the audit.
- 2.2. On 12 October 2021 Grant Thornton issued [statutory recommendations](#) in relation to the Council's governance arrangements and this subsequently impacted upon the audit of the accounts, in part was due to the perceived implications on the Council's financial sustainability.
- 2.3. Throughout 2022 further discussions were held between officers and the auditors around Berth 4&5 and an adjusting provision amount was agreed on and reflected in the draft accounts, however, Grant Thornton were unable to conclude their audit and issue their opinion due to their own resourcing constraints.
- 2.4. During the spring of 2023 the audit process re-commenced, however in the period in between this and their last visit Grant Thornton's audit of TDC had been subjected to a case review by the Financial Reporting Council. This review highlighted gaps in due diligence and they were asked to revisit these areas with their clients.
- 2.5. It should be noted that a large proportion of the audit fieldwork has needed to be undertaken remotely, due to social distancing restrictions that were in place throughout 2021 and 2022. This has understandably had some impact on the timeliness of the audit.

## **3. Audit Opinion on the Statements of Accounts**

- 3.1. Grant Thornton is required to report to those charged with governance whether the council's financial statements present a true and fair view of the financial position, its expenditure and income for the year and whether they have been properly prepared.
- 3.2. Grant Thornton's Audit Findings Report is included elsewhere on this agenda as a separate report to this Committee, setting out their audit findings. The auditors have concluded that, subject to the completion of a few final tasks, they anticipate providing an unqualified opinion of the accounts.

3.3 An unqualified opinion is expressed when the auditor is able to conclude that the financial statements give a true and fair view and comply in all material respects with the relevant financial reporting framework (including applicable law).

#### **4. The 2020/21 Accounts**

4.1 The committee are recommended to approve the Council's 2020/21 accounts, which are included at Annex 1 to this report.

#### **5. Value for Money Assessment**

5.1. The auditors are also required to reach a formal conclusion on whether the council has put in place proper arrangements to secure value for money.

5.2. The council received a number of objections to the accounts on the grounds of the council's arrangements to secure value for money. The auditors are examining the issues that have been raised, but in some instances, these issues span multiple years.

5.3. There are a number of objections to the Accounts that remain outstanding for prior years, a separate report will be brought to this committee in September covering the 21/22 and 22/23 financial years as well as a look back at 18/19, 19/20 and 20/21 closing off any outstanding issues.

#### **6. Publication of Statement of Accounts**

6.1 The legal deadline for publishing the 2020-21 accounts was the end of November 2021. Once Grant Thornton have completed their work, a Letter of Representation (Annex 2) needs to be signed by the Chief Finance Officer prior to Grant Thornton issuing an unqualified opinion. This will enable the 2020-21 Statement of Accounts to be published on the Council's website, which fulfils the legal requirement.

Contact Officer: Chris Blundell, Director of Corporate Resource and Section 151 Officer  
Report to: Colin Carmichael, Interim Chief Executive Officer

#### **Annex List**

Annex 1 Statement of Accounts  
Annex 2 Letter of Representation

#### **Background Papers**

None

#### **Corporate Consultation**

**Finance:** N/A

**Legal:** N/A