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# **Statutory Statement of Accounts & Annual Governance Statement 2019/20**

Decision to be taken by: Audit and Risk Committee

Date of meeting: 24th November 2020

Lead director: Alison Greenhill, Director of Finance

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## Useful information

- Ward(s) affected: All
- Report author: Amy Oliver
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- Report version number: 2.0

### 1. Summary

To seek the approval of the Committee for Council's Annual Governance Statement & Annual Accounts 2019/20.

To provide the Committee with an update from the External Auditor, which details the conclusion of their audit work and any recommendations.

### 2. Recommendations

The Audit & Risk Committee is recommended to:

- Note the auditor's ISA 260 Report to those charged with Governance and the recommendations contained within it, attached at Appendix A.
- Approve the Annual Statement of Accounts 2019/20, Appendix B.
- Approve the Annual Governance Statement 2019/20, Appendix C.
- Approve the letter of representation submitted by the Director of Finance, attached at Appendix D.
- Delegate authority to approve any minor amendments to the Annual Accounts & Annual Governance Statement to the Director of Finance, subject to a report to the Committee at the next meeting.

### 3. Background

The Accounts & Audit (England) Regulations 2015 require that the Council present its audited Statement of Accounts along with its Annual Governance statement for approval annually by the 31st July for approval. This is delegated to the Audit & Risk Committee by Council. For 2019/20, this deadline has been extended to the 30th November 2020 due to the COVID-19 pandemic.

The draft statements were considered by the Audit & Risk Committee on the 22nd July 2020.

The statutory accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the UK. Separate management accounts are presented to the Executive and to the Overview Select Committee, which set out the revenue and capital

outturn for the authority. The financial position of the authority is presented in a different way in the Statement of Accounts. The outturn reports focus on the in-year financial performance in a format consistent with the Council's budgets, while the Statement of Accounts shows the in-year performance in a standard format adopted by all local authorities, including a balance sheet showing the underlying financial position.

Despite the wide variations in the way the position is presented, the key point is that both the outturn reports and the accounts are consistent.

The format of the Annual Governance Statement to a large extent is dictated by the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) framework 'Delivering Good Governance in Local Government'.

#### **4. Amendments to the Draft Financial Statements**

During the external audit period, the need for certain amendments to the draft financial statements have come to light. These have been mainly presentational matters. However, there has been other changes this year from the draft, some as a consequence of COVID-19. The changes are identified below:

- Addition of a post balance sheet event which identifies the increased costs in 2020/21 and the potential risks to the Council's future financial position due to the pandemic. This is at Note 8 of the Statement of Accounts. We have also updated the narrative in relation to the COVID-19 pandemic to provide an updated position. The financial impact of the pandemic is being reported to OSC and will be reflected in the 2021/22 draft budget.
- Addition of a material uncertainty note for our share of the Pension Fund investment properties.
- During the audit period updated pension valuation information was received which affected the Comprehensive Income and Expenditure Statement and the Balance Sheet.
- Correction of a grant that had been treated as a receipt in advance and should have been recognised in the year.
- A pooled budget note was added for the Better Care Fund – as this is a shared budget this is just a disclosure; this can be found at Note 31.

None of these amendments have resulted in a change in the overall level of balances available to the Council to finance its ongoing operations. Any additional amendments proposed after this report was written will be reported to the Committee.

## **5. Letter of Representation**

The letter of representation is a letter signed by the Director of Finance and approved by the Audit & Risk Committee.

It is designed to give the external auditor assurance on the information included in the Statement of Accounts and to affirm that the primary responsibility for the content of the Statement of Accounts remains with the Council.

## **6. ISA 260 Report to those charged with Governance**

The ISA 260 Report details the conclusions of the external audit and makes any recommendations deemed necessary. Management responses to the recommendations are contained within it.

At the time of writing this report, the external audit was still ongoing and a verbal update will be provided if necessary at the meeting.

## **7. Financial, legal, equalities, climate emergency and other implications**

### 7.1 Financial implications

The report is exclusively concerned with financial issues.

### 7.2 Legal implications

There are no direct legal implications arising from the recommendations contained in this report.

Emma Horton, Head of Law (Commercial, Property & Planning)

### 7.3 Equalities implications

There are no direct equality implications arising from the recommendations contained in this report.

Surinder Singh, Equalities Officer

### 7.4 Climate Emergency implications

7.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

N/A

## 8. Other Implications

<b><u>OTHER IMPLICATIONS</u></b>	<b><u>YES/NO</u></b>	<b><u>PARAGRAPH REFERRED</u></b>
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights / People on low incomes	No	
Corporate Parenting	No	
Health Inequalities Impact	No	

## 9. Background papers:

Revenue and capital outturn reports presented the Overview Select Committee on 28th July 2020.

The Draft Statutory Statement of Accounts 2019/20 presented at the Audit & Risk Committee on 22nd July 2020.

## 10. Summary of Appendices:

Appendix A - ISA 260 Report

Appendix B - Annual Statement of Accounts 2019/20

Appendix C - Annual Governance Statement 2019/20

Appendix D - Letter of representation

## 11. Consultations

All departments are consulted during the Authority's close down period.

**12. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?**

**13. Is this a "key decision"? If so, why? No**

## **Author:**

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