
Statutory Statement of Accounts & Annual Governance Statement 2020/21

Decision to be taken by: Audit and Risk Committee

Date of meeting: 29th September 2021

Lead director: Alison Greenhill

Useful information

- Ward(s) affected: All
- Report author: Ben Matthews
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- Report version number: 1.0

1. Summary

- 1.1 To seek the approval of the Committee for Council's Annual Governance Statement & Annual Accounts 2020/21.
- 1.2 To provide the Committee with an update from the External Auditor, which details their audit work and any recommendations.

2. Recommendations

- 2.1 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 Statement of Accounts 2020/21, Appendix B
 - Approve the Annual Governance Statement 2020/21, Appendix B.
 - Approve the letter of representation submitted by the Chief Operating Officer (S151), attached at Appendix C.
 - Delegate authority to approve minor amendments to the Annual Accounts & Annual Governance Statement to the Chief Operating Officer (S151), subject to a report to the Committee at the next meeting.
 - Delegate authority to the Chief Operating Officer (S151) to make the IAS19 adjustments, as detailed in this report.

3. Background

- 3.1 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. This is delegated to the Audit & Risk Committee by Council. For 2020/21, this deadline has been extended to the 30th September 2021.
- 3.2 The draft statements were considered by the Audit & Risk Committee on the 21st July 2021.

4. Statement of Accounts

- 4.1 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 Council 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 financial position of the Council as at 31 March 2021.
- 4.2 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.
- 4.3 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 have been other changes this year which have been reflected in the final Statement of Accounts. None of these amendments have resulted in a change in the overall level of balances available to the Council to finance its ongoing operations.
- 4.4 The changes impacting the main statements are identified below:
- The impairment of two assets that no longer should have been held on our balance sheet. This correction impacted the Comprehensive Income and Expenditure Statement and the Balance Sheet.
 - The updating of some Housing Revenue Account asset values, to include spend that had added value during the year. This correction impacted the Comprehensive Income and Expenditure Statement and the Balance Sheet.
- 4.5 In addition to the above, the Leicestershire County Council Pension Fund auditors have identified a change required in relation to the asset valuations provided by the Actuary. Due to the late notification and us still awaiting the updated information this change has not been actioned in the accounts presented. This correction will impact the main statements. However, like the changes detailed above it will not impact the Council's overall level of balances available to fund ongoing operations. We are therefore proposing as part of this report the approval of the changes be delegated to the S151 officer

5. Annual Governance Statement

- 5.1 The Annual Governance Statement is presented here for approval. If approved the Annual Governance Statement will be signed by the Chief Operating Officer and City Mayor and published with the Statement of Accounts.
- 5.2 This statement should assure the people of Leicester that the Council operates in accordance with the law and has due regard to proper standards of behaviour and that it safeguards the public purse.

5.3 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'.

6. Letter of Representation

6.1 The letter of representation is a letter signed by the Chief Operating Officer (as the S151 officer) and approved by the Audit and Risk Committee.

6.2 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.

7. ISA 260 Report to those charged with Governance

7.1 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.

8. Financial, legal, equalities, climate emergency and other implications

8.1 Financial implications

The report is exclusively concerned with financial issues.

8.2 Legal implications

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

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

8.3 Equalities implications

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

Surinder Singh, Equalities Officer

8.4 Climate Emergency implications

There are no climate emergency implications

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

N/A

9. Other Implications

<u>OTHER IMPLICATIONS</u>	<u>YES/NO</u>	<u>PARAGRAPH REFERRED</u>
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	

10. Background papers:

- 10.1 Revenue and capital outturn reports presented the Overview Select Committee on 27th May 2021.
- 10.2 The Draft Statutory Statement of Accounts 2020/21 presented at the Audit & Risk Committee on 21st July 2021.

11. Summary of Appendices:

Appendix A - ISA 260 Report
Appendix B – Annual Statement of Accounts & Annual Governance Statement 2020/21
Appendix C - Letter of representation

12. Consultations

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

13. 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)?

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