

Report of	Meeting	Date
Director of Finance	Governance Committee	Wednesday, 16 March 2022

2020/21 Statutory Accounts

Is this report confidential?	No
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Is this decision key?	Not applicable
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Purpose of the Report

- To present for approval the audited Statement of Accounts for 2020/21.

Recommendations to Governance Committee

- That the Committee should approve the audited Statement of Accounts for 2020/21 (Appendix A), subject to any amendments which in the opinion of the Director of Finance (Section 151 Officer) are minor in nature, such minor amendments to be defined as non-material to the financial position of the authority. The Director of Finance will exercise this delegation in consultation with the Chair of Governance Committee. In the event that the Director of Finance 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.
- That the Committee should authorise the Director of Finance and Chair of Governance Committee to sign the Letter of Representation (Appendix B).

Reasons for recommendations

- It is a statutory requirement to produce the Statement of Accounts and these must be approved by 'Those Charged with Governance'; at Chorley Borough Council, this role is discharged by the Governance Committee.

Other options considered and rejected

- No other options have been considered as it is a statutory requirement to produce and approve the Statement of Accounts each year.

Executive summary

- In response to anticipated disruption to local authorities preparation of the accounts caused by the Covid-19 pandemic, and adopting the recommendations from the Redmond Review, the government issued an amendment to the Accounts and Audit Regulation (2015) ('the 2015 Regulations') in March 2021. The Accounts and Audit

(Amendment) Regulations 2021 ('the 2021 Regulations) amend the 2015 regulations in respect of the timetable for publishing the Authority's draft and audited statement of accounts.

7. The Regulations require that the approved and signed Statement are published on the Council's web site. The required date for publication of the draft Statement for 2020/21 was 31 July 2021 and 30 September 2021 for the audited Statement. In instances where it has not proved possible to meet this date, the requirement is for publication 'as soon as reasonably practicable after the receipt of any report from the auditor which contains the auditor's final findings from the audit which is issued before the conclusion of the audit'. That report appears later on the agenda for this meeting.
8. Unfortunately, due to workload pressures within the Finance Team, the impact of Covid, the late conclusion of the 2019/20 audit and IT related issues, the draft accounts were published on 15 October 2021, with the audited accounts presented to the Committee today for approval. It should be noted however that nationally, only 9% of audited accounts were completed by the 30th September 2021 deadline.
9. Approval of the audited Statement of Accounts and its publication is a requirement of these regulations.
10. There have been a small number of material changes to the Statement of Accounts from the draft version published on 15 October 2021 and these are set out in more detail below (see paragraphs 18 and 19). These relate to asset classification and valuations and offsetting adjustments between Short Term Debtors and Creditors, so the underlying financial position of the Council, its financial performance for the year and levels of Usable Reserves, are unaffected.
11. The Appointed Auditor anticipates providing the Council with an unmodified audit report.
12. At the time of preparing this report, the Appointed Auditor has some limited, further work to complete. Should this additional work identify the need to make further changes to the Statement of Accounts presented to this meeting, a procedure for agreeing the changes in preparation for publication is required. The recommendation in paragraph 2 above requests approval for such a procedure. This procedure would enable the Director of Finance to exercise delegation, in consultation with the Chair of Governance Committee, in respect of making amendments to the statement which do not have a material effect on the financial position of the Council.

Corporate priorities

13. The report relates to the following corporate priorities:

Involving residents in improving their local area and equality of access for all	A strong local economy
Clean, safe and healthy communities	An ambitious council that does more to meet the needs of residents and the local area

Background to the report

14. The draft Statement of Accounts 2020/21 were signed by the Director of Finance Officer on 15 October 2021 and published on the Council's website together with details of public inspection rights. The accounts were then presented to Grant Thornton, the external auditors, for audit.
15. The Appointed Auditor's Audit Findings Report is presented as a separate report on this agenda. This sets out adjusted misstatements, unadjusted misstatements, and misclassification and disclosure changes in the current version of the Statement of Accounts. The audit of the accounts has not yet been completed in full. A few matters are still under consideration and so there is a possibility that further changes to the Statement of Accounts might be required.
16. The Accounts and Audit Regulations 2015, as amended by The Accounts and Audit (Amendment) Regulations 2021, require that the statement should be approved by a meeting of members by 30 September 2021, or should that not prove possible, 'as soon as reasonably practicable after the receipt of any report from the auditor which contains the auditor's final findings from the audit which is issued before the conclusion of the audit'. The full statement for 2020/21 is attached as Appendix A.
17. Following consideration and approval by this Committee, the Chair should sign and date the Statement, which should also be re-certified by the Director of Finance as soon as practicable. The Statement of Accounts will be published on the Chorley Council web site, www.chorley.gov.uk.
18. The Director of Finance and the Chair of Governance Committee should also sign the Letter of Representation.
19. As the audit has not been completed in full, it is recommended that the Director of Finance, in consultation with the Chair of Governance Committee, should approve non-material amendments to the Statement of Accounts before it is signed and dated. In the event that the Director of Finance is of the opinion that the amendments are considered material to the financial position of the Council, Governance Committee will be reconvened to approve the new Statement of Accounts.

Changes to Signed Statement of Accounts Published on 15 October 2021

20. Appendix A of the Audit Findings Report sets out the main adjustments made to the Statement of Accounts from the version published on 15 October 2021. These adjustments are for significant amounts, however they relate to asset classification and valuations and offsetting adjustments between Short Term Debtors and Creditors, so the underlying financial position of the Council, its financial performance for the year and levels of Usable Reserves, are unaffected. The material changes are:
 - Amounts totalling £1.695m have been reclassified within Note 20, from Prepayments to Trade Receivables.
 - A prepayment of deficit recovery costs of £883k to the Lancashire Pension Fund, which had been classed under Short Term Debtors has now been offset against the outstanding Pensions Liability.
21. In addition to these, the following changes are noted:

- The figure stated for Capital Commitments in Note 15 has been reviewed and, based on the latest forecasts of the final costs of the individual projects concerned, has been amended from £28.471m to £27.196m.
 - A line has been added to the table in Note 9, under 'Income', splitting out the previously stated 2019/20 figure of £3.733m for Interest & Investment, to show the fair value gain of £1.125m on Investment Properties for that year separately.
22. There are a small number of other minor amendments to text and figures.
23. The Annual Governance Statement is unchanged from that approved by the Committee on 26 May 2021.

Audit Findings

24. The Audit Findings report by the Appointed Auditor (Grant Thornton) includes a draft audit opinion. This indicates that the Council will be provided with an unmodified audit report which is, in other words, an unqualified opinion.
25. At the time of preparing this report, and the Statement of Accounts it introduces, the auditors are still undertaking a limited amount of further work. Due to the audit not having been finalised, it is possible that they could identify further changes that would be required to core statements or supporting notes after Governance Committee has resolved to approve the Statement of Accounts. As a consequence, it is recommended that the Director of Finance, in consultation with the Chair of Governance Committee should agree any changes which have no material impact on the financial position of the Council before recertifying the Statement of Accounts. Should there be any changes which do have a material impact on the financial position of the Council, it would be necessary to reconvene Governance Committee to agree the changes.

Climate change and air quality

26. 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

27. Not applicable; the statutory accounts are a statement of the financial position of the council as at 31st March 2021 and summarise its financial transactions over the course of 2020/21.

Risk

28. No risks have been identified in respect of the contents of this report.

Comments of the Statutory Finance Officer

29. All relevant comments are included within the report.

Comments of the Monitoring Officer

30. Approval and publication of the 2020/21 Statement of Accounts, is required in order to comply with The Accounts and Audit Regulations 2015, as amended by The Accounts and Audit (Amendment) Regulations 2021.

Background documents

There are no background papers to this report.

Appendices

Appendix A – 2020/21 Statutory Accounts

Report Author:	Email:	Telephone:	Date:
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