

ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF AUDIT AND GOVERNANCE COMMITTEE ON 22 FEBRUARY 2022

SUBJECT: Annual Statement of Accounts 2020/21 and Letter of Representation

REPORT AUTHOR: Carolin Martlew, Interim Group Head of Corporate Support and S151 Officer

DATE: February 2022

EXTN: 01903 737568

AREA: Corporate Support

EXECUTIVE SUMMARY:

This report provides information about the audit of the Council's 2020/21 Statement of Accounts (accounts) and recommends the approval of the 2020/21 accounts and the Letter of Representation on behalf of the Council.

RECOMMENDATIONS:

The Committee is requested to:

- i. Note the findings of the EY Audit Results Report (previous item on the agenda);
- ii. Approve the Letter of Representation on behalf of the Council in Appendix 1; and
- iii. Approve the Statement of Accounts for the financial year ended 31 March 2021 (Appendix 2).

1. BACKGROUND:

The Council's external auditors EY provided the Committee an audit progress update report at its meeting on 29 July 2021, which explained that due to a backlog of work, predominantly as a result of Covid-19 impacting 2019/20 audits, they had not been able to schedule an efficient high quality audit to meet the 30 September date noted in the Accounts and Audit (Amendment) Regulations 2021. The Council was informed that the year-end execution work would take place in November 2021.

The Accounts were submitted to the External Auditors on 23 July 2021, within the statutory deadline for 2020/21. The audit commenced in late November 2021 and continued in to 2022. The audit is now complete apart from matters referred to in the Audit Results Report.

This report was preceded by the Audit Results Report issued by EY.

The audited accounts, together with the auditor's opinion, are required to be published by the Council.

The Statement of Accounts for 2020/21 for approval by the committee are contained in appendix 2 to this report.

2. PROPOSAL(S):

Overview of the Financial Statements

The Statement of Accounts summarises the Council's financial transactions for 2020/21 and its financial position at 31 March 2021. It is comprised of the:

- Narrative Report;
- Statement of Responsibilities;
- Core Financial Statements;
- Notes to the Accounts (including Accounting Policies);
- Supplementary Statements; and
- Auditor's opinion

The meeting will focus on the core financial statements and the Supplementary Financial Statements. The core financial statements are comprised of the:

- Comprehensive Income and Expenditure Statement;
- Movement in Reserves Statement;
- Balance Sheet;
- Cash Flow Statement.

The Supplementary Financial Statements are comprised of the:

- Housing Revenue Account and notes; and
- Collection Fund Statement and notes.

Audit of the Statement of Accounts 2020/21

Members are requested to note the content of the Audit Results Report (previous item on the agenda).

Members are requested to approve the Letter of Representation at Appendix 1. The Audit Results Report identified the following misstatement,

- Incorrect treatment of COVID19 funding received by the Council of £2.3m. This was treated as the Council was acting on an agency basis. The Auditors have requested it be treated as the Council acting as principal. The main effect of changing this is income and expenditure increase by £2.3m in the Council's financial records. There is no impact on the out turn for the financial year.

The Audit Results Report identified the following misstatement, which the Council has chosen not to correct, as the amount is not material. (i.e. the amount is unlikely to influence the decisions or assessments of users taken on the basis of the financial statements) and the cost would therefore outweigh any benefit.

- a non-material difference on the gross pension asset, arising from differences between the actuaries values and amount estimated from the Council's share of the final audited pension fund assets. The difference is £662k, which has not been adjusted.

The Statement of Accounts for the financial year ended 31 March 2021 has been prepared in compliance with the required standards and statutes and should be approved by this Committee.

3. OPTIONS: N/A

4. CONSULTATION:

Has consultation been undertaken with:	YES	NO
Relevant Town/Parish Council		✓
Relevant District Ward Councillors		✓
Other groups/persons (please specify)		✓

5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 6 below)

	YES	NO
Financial	✓	
Legal	✓	
Human Rights/Equality Impact Assessment		✓
Community Safety including Section 17 of Crime & Disorder Act		✓
Sustainability		✓
Asset Management/Property/Land		✓
Technology		✓
Other (please explain)		✓

6. IMPLICATIONS:

Financial

The preparation and publication of accurate Accounting Statements enhances financial management in the Council.

Legal

The Letter of Representation and the Statement of Accounts 2020/21 are required to be approved by Members. This Council has delegated that function to the Audit and Governance Committee.

7. REASON FOR THE DECISION:

To approve the Council's Statement of Accounts for 2020/21.

8. BACKGROUND PAPERS:

Code of Practice on Local Authority Accounting in the United Kingdom 2020/21;

Audit Progress Report 29 July 2021: [\(Public Pack\)Agenda Document for Audit & Governance Committee, 29/07/2021 18:00 \(arun.gov.uk\)](#).