



<b>REPORT TO:</b>	Governance and Audit Committee
<b>DATE:</b>	Thursday 17 March 2022
<b>SUBJECT:</b>	Approval of Financial Statements 2020/21
<b>PURPOSE:</b>	To seek approval for the Annual Governance Statement for inclusion with the Council's published Financial Statements, and approval of the Audited Financial Statements 2020/21 for publication.
<b>KEY DECISION:</b>	N/A
<b>PORTFOLIO HOLDER:</b>	Portfolio Holder for Finance, Commercialisation & Partnerships
<b>REPORT OF:</b>	Deputy Chief Executive – Corporate Development (S151)
<b>REPORT AUTHOR:</b>	Ellie Stacey – Deputy Chief Finance Officer (Corporate) (PSPS Ltd)
<b>WARD(S) AFFECTED:</b>	All
<b>EXEMPT REPORT?</b>	No

#### **SUMMARY**

The audited Financial Statements 2020/21 are required to be approved by the Committee and the S151 Officer prior to publishing on the Council's website, as per the Accounts and Audit Regulations.

#### **RECOMMENDATIONS**

##### **That the Governance and Audit Committee:**

- 1) Approve the Financial Statements 2020/21 (Appendix A).
- 2) Authorise the S151 Officer, in consultation with the chairman of the Committee, to approve any amendments, if required, after the Committee date and prior to the official signing of the Accounts.
- 3) Approve the Annual Governance Statement 2020/21.
- 4) Review the letter of representation to EY (Appendix B) and if it agrees, approve the S151 Officer and Chair to sign on its behalf.

## **REASONS FOR RECOMMENDATIONS**

To update the Committee on the progress for publishing the Financial Statements 2020/21.

To meet corporate governance best practice and statutory reporting requirements.

## **OTHER OPTIONS CONSIDERED**

To approve the audited Financial Statements and the Annual Governance Statement.

Not to approve the Financial Statements.

There is a statutory requirement for the Financial Statements to be approved and published by 30 September 2021, or as soon as reasonably practicable after receipt of the auditors final findings (if later).

## **1. BACKGROUND**

- 1.1 The draft 2020/21 Financial Statements were signed by the Section 151 Officer on 30 July 2021 and were considered by the Committee at a training session on 18 October 2021.
- 1.2 The Accounts and Audit Regulations 2015 have been amended by the Accounts and Audit (Coronavirus) Amendments Regulation 2020 (SI 2021/263) to extend the statutory deadline for approval of the Financial Statements to 30 September 2021 for all local authorities.

## **2. REPORT**

- 2.1 The external audit of the Financial Statements for the year ended 31 March 2021 is almost complete, and the Statements are attached as Appendix A. At the time of writing this report, fraud enquiry letters and Value for Money responses were in progress, to be submitted to EY, but the remainder of the audit work was complete. These are not expected to identify any issues.
- 2.2 This report asks members to give delegated authority for further amendments, if required, and approval of the Financial Statements, to the Section 151 Officer and Chairman of the Committee, following the completion of the audit. Once the Financial Statements have been approved, and the Auditors Opinion issued, the Financial Statements will be published on the Council's website.
- 2.3 A small number of presentational adjustments were made to the draft Financial Statements to ensure compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21. Enhanced disclosures have also been made in relation to the grants note, with more detail on income and expenditure relating to Covid grants.
- 2.4 An adjustment has been made to the pension liability following the revised report that was received, which contained updated asset values. This has resulted in a reduction of the net pension liability of £1.2m.

- 2.5 Two audit differences remain unadjusted. The Council's share of PSPS' net pension liability has been estimated to be overstated by £283k, due to PSPS' accounts and audit process being concluded before the revised pension report was received. EY also identified a grant receivable, due to be accounted for in 2020/21 (£91k) but included in 2021/22. These items are not material.

### **Annual Governance Statement**

- 2.6 The Annual Governance Statement is required to be signed by the Leader of the Council and Chief Executive. This Committee is requested to approve the final statement to allow it to be published with the Financial Statements.

### **3. CONCLUSION**

- 3.1 The external audit is drawing to a conclusion and the Financial Statements are therefore being presented to the Committee for review and approval.

### **4. EXPECTED BENEFITS TO THE PARTNERSHIP**

- 4.1 Strengthened governance arrangements.

### **5. IMPLICATIONS**

#### **5.1 SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP**

- 5.1.1 None.

#### **5.2 CORPORATE PRIORITIES**

- 5.2.1 None.

#### **5.3 STAFFING**

- 5.3.1 None.

#### **5.4 CONSTITUTIONAL AND LEGAL IMPLICATIONS**

- 5.4.1 The Accounts and Audit Regulations 2015 and the (Coronavirus) Amendments Regulation 2020 (SI 2021/263) define these arrangements.

#### **5.5 DATA PROTECTION**

- 5.5.1 None.

#### **5.6 FINANCIAL**

- 5.6.1 There are no financial implications as a result of this report. The audit of the Financial Statements provide external validation that the stewardship of public funds has been undertaken effectively, and that the statutory reporting requirements laid out in the accounting code of practice have been followed.

- 5.6.2 The Financial Statements presented in Appendix A are currently being subject to a final verification by the external auditors. Minor presentational issues may arise in this process and an approved final version will be submitted to the chair of the Committee for signature.

## **5.7 RISK MANAGEMENT**

5.7.1 The Council's risk management arrangements are reflected in the Annual Governance Statement.

5.7.2 The audit process has identified some areas where improvements are necessary, and these will be implemented for the production of the Financial Statements 2021/22.

## **5.8 STAKEHOLDER / CONSULTATION / TIMESCALES**

5.8.1 None.

## **5.9 REPUTATION**

5.9.1 None.

## **5.10 CONTRACTS**

5.10.1 None.

## **5.11 CRIME AND DISORDER**

5.11.1 None.

## **5.12 EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING**

5.12.1 None.

## **5.13 HEALTH AND WELL BEING**

5.13.1 None.

## **5.14 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

5.14.1 None.

## **6. ACRONYMS**

6.1 CIPFA – Chartered Institute of Public Finance and Accountancy.

### **APPENDICES**

Appendices are listed below and attached to the back of the report: -

APPENDIX A	Financial Statements 2020/21
APPENDIX B	Letter of Representation

### **BACKGROUND PAPERS**

Background papers used in the production of this report are listed below: -

<b>Document title</b>	<b>Where the document can be viewed</b>
CIPFA Accounting Code of Practice 2020/21 and supporting Guidance Notes	CIPFA public guidance document

**CHRONOLOGICAL HISTORY OF THIS REPORT**

None

**REPORT APPROVAL**

Report author:	Eleanor Stacey, Samantha Knowles Ellie.Stacey@pspsl.co.uk, SKnowles@sholland.gov.uk
Signed off by:	Deputy Chief Executive - Corporate Development (S151) Christine.Marshall@sholland.gov.uk
Approved for publication:	Portfolio Holder for Finance, Commercialisation & Partnerships