

This Report will be made public on 30 November 2021



Report Number **AuG/21/18**

**To:** Audit and Governance Committee  
**Date:** 8 December 2021  
**Head of Service:** Charlotte Spendley, Director of Corporate Services  
**Cabinet Member:** Councillor David Monk, Leader of the Council

**Subject:** Statement of Accounts 2020/21

**Summary:** In accordance with the Accounts and Audit (Amendment) Regulations 2021 the council must consider and approve its Statement of Accounts no later than 30 September 2021. The Accounts have been subjected to audit, the details of which are set out in Grant Thornton's Audit Findings report.

**Reasons for recommendations:**

The Committee is asked to agree the recommendations set out below because the Accounts and Audit (Amendment) Regulations 2021 require the council to consider and approve its Statement of Accounts no later than 30 September, to enable publication to be made by that date.

**Recommendations:**

1. To receive and note Report AuG/21/18.
2. To approve the Statement of Accounts 2020/21.

## **1. INTRODUCTION AND BACKGROUND**

- 1.1 The 2020/21 Statement of Accounts is prepared in accordance with the relevant Code of Practice on Local Authority Accounting in the United Kingdom and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS).
- 1.2 The Ministry of Housing, Communities and Local Government (MHCLG) confirmed revised Accounts and Audit Regulations on 9 March 2021. The Accounts and Audit (Amendment) Regulations 2021 (SI 2021/263) extend the statutory audit deadline for 2020/21 and 2021/22 for all local authorities.

The council must comply with the provisions of the Accounts and Audit (Amendment) Regulations 2021. Concerning the signing, approval and publication of the Statement of Accounts:-

- i) The responsible financial officer must, no later than 31 July 2021, sign and date the statement of accounts and certify that it presents a true and fair view of the financial position of the council at the end of the financial year and of the council's income and expenditure for that year. The Director of Corporate Services in her role as Chief Finance Officer, signed and dated the accounts on 25th June 2021.
- ii) The council must, no later than 30 September 2021, consider and approve the statement of accounts by way of resolution. The accounts are submitted for consideration and approval under this Agenda.
- iii) Following approval by this Committee, the person presiding at the Committee must sign and date the statement of accounts.
- iv) No later than 30 September 2021, the council must publish its statement of accounts (including the annual governance statement and narrative statement) together with any certificate or opinion entered by the auditor.

## **2. STATEMENT OF ACCOUNTS 2020/21**

- 2.1 The draft Statement of Accounts were presented to the Committee at its meeting on 29<sup>th</sup> July 2021, at which time external audit was underway. The external audit is substantially complete at the time of writing this report and there have been two material changes to the financial statements. These relate to misclassifications of items and are detailed in Grant Thornton's Audit Findings Report presented at this meeting. The changes have not impacted the overall financial position previously reported to Committee.
- 2.2 Details of minor changes to disclosure notes are also enclosed in Grant Thornton's Audit Findings Report.

### **3. AUDIT OF THE ACCOUNTS**

- 3.1 The Accounts and Audit (Amendment) Regulations 2021 require the statement of accounts for 2020/21 to be prepared by 31 July and the audit completed by 30 September.
- 3.2 The Finance team have worked extremely hard since March and managed to publish the draft accounts on the 25<sup>th</sup> June, well ahead of the revised statutory deadline of 31<sup>st</sup> July.
- 3.3 Grant Thornton's audit team have been auditing the accounts since the 5th July and the audit is in its final stages at the time of preparing this report. Their Audit Findings Report will be presented for consideration at this meeting.
- 3.4 The audit has been subject to delay due to workload pressures and staffing issues experienced by the external auditors and as a result the audit opinion has not been issued by the statutory deadline of 30 September. There are no implications for the Council in terms of financial penalties for failing to meet the deadline but it does present a risk of reputational damage and there were resourcing implications for the Finance team resulting in operational issues.
- 3.4 The copy of the accounts at Appendix 1 has been updated to reflect known changes to the financial statements and disclosure notes arising from the audit findings and includes the draft audit opinion.

### **4. CONCLUSION**

- 4.1 The Committee is asked to approve the Statement of Accounts for 2020/21 in accordance with the Accounts and Audit (Amendment) Regulations 2021.

### **5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

#### **5.1 Legal Officer's Comments (NM)**

There are no legal implications arising directly out of this report that are not already referred to in the report.

#### **5.2 Finance Officer's Comments (CI)**

This report has been prepared by Financial Services and all financial matters contained within the body of the report.

#### **Diversity and Equalities Implications (GE)**

- 5.3 There are none arising directly from this report.

#### **Climate Change Implications (OF)**

- 5.4 There are none arising directly from this report.

## 6. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

*Cheryl Ireland, Chief Financial Services Officer*

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email: [cheryl.ireland@folkestone-hythe.org.uk](mailto:cheryl.ireland@folkestone-hythe.org.uk)

The following background documents have been relied upon in the preparation of this report:

### **Appendices:**

**Appendix 1: Draft Statement of Accounts 2020/21**