

Annual Accounts 2020/21 Arrangements

REPORT TO AUDIT AND STANDARDS COMMITTEE



DATE	24 March 2021
PORTFOLIO	Resources & Performance Management
REPORT AUTHOR	Amy Johnson
TEL NO	(01282) 477172
EMAIL	ajohnson@burnley.gov.uk

PURPOSE

1. To update the Audit and Standards Committee on the arrangements made to date and the implications of the changes required for the Council ahead of the closure of the 2020/21 accounts.
2. To seek approval for the accounting policies to be used in producing the Statement of Accounts as set out in Appendix 1.
3. To inform Members that a date will be confirmed nearer the time for a final accounts workshop for Audit and Standards Committee Members to allow officers to present the 2020/21 Statement of Accounts and explain the findings and issues.
4. To inform Members that following a recent consultation exercise MHCLG have confirmed that the deadline for completion of the draft Statement of Accounts will be extended from 31st May to 31st July and the deadline for publication of the audited Statement of Accounts will be extended from 31st July to 30th September. This will apply for both 2020/21 and 21/22 financial years.

RECOMMENDATION

5. Note the report and arrangements that the Council is making in advance of the closure of accounts for the year 2020/21.
6. Approve the proposed accounting policies to be followed in producing the Statement of Accounts as shown in Appendix 1.

REASONS FOR RECOMMENDATION

7. The Council has a statutory duty to approve the accounts for 2020/21 by the 30 September 2021.
8. To ensure that the Council complies with requirements in relation to the Statement of Accounts.
9. To explain the actions being taken to minimise the risks to the final accounts process.

SUMMARY OF KEY POINTS

10. The 2020/21 accounts are to be produced under the Code of Practice on Local Authority Accounting in the UK for 2020/21 standards and will require similar detail and analysis.
11. Following a recent consultation exercise MHCLG have announced that the deadline for completion of the draft Statement of Accounts will be extended from 31st May to 31 July and the audited Statement of Accounts from 31 July to 30 September. These deadlines are in accordance with recommendation 10 of the Redmond Review, and the change will be initially for a 2-year period – 20/21 and 21/22. The intention is for the amended deadline to be reviewed after that period when it will be clearer as to whether the audit completion rate has improved.

12. The changes affecting this Council are:

- Last years' successful exercise to declutter the Statement of Accounts should be undertaken again with a view to reducing the size of the Statement.
- The implementation of IAS 16 (Leases) has been delayed to 1st April 2022.

13. Preparation

Training

- Preparation for the closure of 2020/21 accounts is to include both formal and informal training for staff in Finance which will again include examples of how to speed up the process of closure of accounts and the production of the statement of accounts.
- Staff have attended formal training courses by the Council's auditors' Grant Thornton and CIPFA and have taken an active role in regular discussions among peer groups across Lancashire and the North West.

Once again this year, it is intended to give Members of the Audit and Standards Committee a training presentation to assist with their understanding of the accounts. Following discussions with the Council's Auditor, Grant Thornton LLP a date will be confirmed nearer the time.

Planning

- The year-end closure memorandum has been sent to Management Team, Heads of Service and various key officers of the Council and our colleagues in Liberata, giving details of the year end processes and timetable.

Procedures & systems

- Changes to procedures and systems which had been implemented during the previous three years will continue to be used and refined during 2020/21 closedown.

14. Calculation of Impact

Updating Accounting Policies

- The accounting policies have been reviewed. There are no significant changes and there is no material financial impact of adopting the changes. Appendix 1 shows the proposed accounting policies to be adopted in closing the accounts for 2020/21.

15. Annual Governance Statement

- The formal statement that recognises, records and publishes a local authority's governance arrangements. It incorporates a review of its internal controls and assurance gathered from all parts of the Council. Further details are provided in a separate report to this Audit and Standards Committee meeting for approval alongside the Statement of Accounts. There are no significant changes in the requirements for the statement.

16. Risks

The risks of non-compliance with the requirement to have a "fit for purpose" statement of accounts prepared by 31 July 2021 and reported to members with an unqualified audit opinion by 30 September 2021 are (not necessarily exhaustive):

- Failure to have assets revalued by the date shown in the timetable. To mitigate this risk, officers have completed the great majority of this work in December 2020.
- Key staff becoming unavailable during the closure process. Planning of staff availability will help mitigate the risk but this risk will be managed should the situation arise.
- Failure to fully identify and incorporate the requirements of the 2020 Code. This is unlikely given the few changes from the 2020 Code.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

17. None

POLICY IMPLICATIONS

18. Changes to the Council's Accounting Policies.

DETAILS OF CONSULTATION

19. None

BACKGROUND PAPERS

20. 2020 Code of Practice on Local Authority Accounting in the UK.

21. Papers and publications held in Finance.

FURTHER INFORMATION**PLEASE CONTACT:****Amy Johnson – Finance Manager****ALSO:****Howard Hamilton-Smith – Head of Finance & Property**