

**Annual Accounts 2021/22 Arrangements**

**REPORT TO AUDIT AND STANDARDS COMMITTEE**



<b>DATE</b>	<b>17 March 2022</b>
<b>PORTFOLIO</b>	<b>Resources &amp; Performance Management</b>
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**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 2021/22 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 2021/22 Statement of Accounts and explain the findings and issues.
4. Members will recall that following a consultation exercise by DLUCH the deadlines for completion of the draft and audited statement of Accounts were extended for the 2020/21 and 2021/22 financial years. The deadline for completion of the draft Statement of Accounts will remain as 31<sup>st</sup> July (previously 31<sup>st</sup> May) and the deadline for publication of the audited Statement of Accounts will remain as 30<sup>th</sup> September (previously 31<sup>st</sup> July).

**RECOMMENDATION**

5. Note the report and arrangements that the Council is making in advance of the closure of accounts for the year 2021/22.
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 2021/22 by the 30 September 2022.
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 2021/22 accounts are to be produced under the Code of Practice on Local Authority Accounting in the UK for 2021/22 standards and will require similar detail and analysis.
11. Following a consultation exercise DLUCH announced that the deadline for completion of the draft Statement of Accounts would be extended from 31<sup>st</sup> May to 31 July and the audited Statement of Accounts from 31 July to 30 September for a 2-year period – 20/21 and 21/22. These deadlines are in accordance with recommendation 10 of the Redmond Review. 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 for a further year to 1<sup>st</sup> April 2023.

### 13. Preparation

#### Training

- Preparation for the closure of 2021/22 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 201/22 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 2021/22.

#### **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 2022 and reported to members with an unqualified audit opinion by 30 September 2022 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 2021.
- 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 2021 Code. This is unlikely given the few changes from the 2021 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. 2021 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**