

**Committee Name and Date of Committee Meeting**

Audit Committee – 29 July 2021

**Report Title**

Publication of unaudited Statement of Accounts 2020/21

**Is this a Key Decision and has it been included on the Forward Plan?**

No

**Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director of Finance and Customer Services

**Report Author(s)**

Rob Mahon (Head of Corporate Finance)  
Finance & Customer Services Directorate  
01709 254518 [rob.mahon@rotherham.gov.uk](mailto:rob.mahon@rotherham.gov.uk)

**Ward(s) Affected**

Borough-Wide

**Report Summary**

The Council's annual accounts are the principal means by which the Council is held publicly accountable to local and national stakeholders over the stewardship of its resources.

The report to Audit Committee in March 2021 highlighted the approach taken by the Council in ensuring that the draft unaudited Statement of Accounts would be published in accordance with the revised timescales and the Accounts and Audit Regulations 2015. This report factored in the revised timetable for the production of accounts in light of the Covid-19 impact and as a result of the Redmond Review (Sir Tony Redmond's review into the effectiveness of external audit and transparency of financial reporting in local authorities).

The draft unaudited Statement of Accounts 2020/21 will be published on the Council's website on 31 July 2021.

It also provides Members with an opportunity to consider the draft unaudited Statement of Accounts before Audit Committee is asked to formally approve them, post completion of Grant Thornton's audit, at its meeting in September.

## **Recommendations**

1. The Audit Committee is asked to receive the draft unaudited Statement of Accounts 2020/21.

## **List of Appendices Included**

Appendix 1 Narrative Report

Appendix 2 Highlights Report setting out key matters reported in the 2020/21 accounts

Appendix 3 Unaudited Statement of Accounts 2020/21

## **Background Papers**

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

Accounts and Audit Regulations 2015

Audit Committee meeting – 23 March 2021

## **Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No

## **Council Approval Required**

No

## **Exempt from the Press and Public**

No

## **Closure of the Accounts 2020/21**

### **1. Background**

- 1.1 The Code of Practice on Local Authority Accounting 2020/21 together with the Accounts and Audit Regulations 2015 set out the accounting and statutory framework for local authority financial reporting.
- 1.2 Under the Accounts and Audit Regulations 2015, local authorities are required to publish their unaudited accounts no later than 31 May accompanied by a Narrative Report and draft Annual Governance Statement. This triggers a period of 30 working days for local electors to exercise their rights to inspect the accounts and supporting records and to ask questions of the external auditor.
- 1.3 However, following recognition of the deliverability of quality accounts by this date in light of the Covid-19 outbreak the regulations were amended for the 2020/21 accounts to require publication of unaudited accounts by 31 July 2021. The Accounts and Audit (amendment) Regulations 2021 (SI no 2021/263) came into force on 31st March 2021 and extended the publication of the Statement of Accounts for the next two financial years (2020/21 and 2021/22). These amended regulations require draft accounts to be published by the 31st July (one month earlier than 2019/20) and final audited accounts by the 30th September (two months earlier than 2019/20).
- 1.4 A revised timetable for the production of the Council's accounts was presented to Audit Committee in March 2021, indicating the Council's draft accounts would now be published on 31 July 2021. The draft unaudited Statement of Accounts 2020/21 will be published on the Council's website alongside the Narrative Report and draft Annual Governance Statement on 31 July 2021, in line with these revised timelines. The period for local electors to exercise their rights will commence on 2nd August 2021 and cease on 13 September 2021.
- 1.5 The external audit of the 2020/21 accounts had not commenced at the point of writing this report. The Council's external auditors have already indicated via an update report to Audit Committee in June 2021 that they don't expect to meet the timeframes for the audit of the Council's accounts for 2020/21. They are due to bring a further update to the Audit Committee in July. At this point in the process an interim audit would normally have been undertaken, with Audit Committee receiving a report from the external auditor on the progress and findings from that interim audit. Due to this time pressures for the Council's external auditors, it is expected that the Council will produce and publish its final accounts without external audit's final opinion on the 30 September 2021.
- 1.6 In order to comply with the Accounts and Audit Regulations, the Council needs to include a brief statement on its website by 30 September, explaining that the

audit process is still ongoing. Grant Thornton will work with the Council to agree a form of words to go onto the website by that date. As Grant Thornton noted in their update report to the Committee in June, there are a number of factors that have led to them being unable to conclude the audit by 30 September. These factors are out of the Council's control. It should be noted that there are no financial penalties arising from not publishing our audited accounts by 30 September.

- 1.7 Where appropriate, Grant Thornton will set out any material adjustments made to the accounts and any uncorrected differences of a non-trivial nature. Grant Thornton have indicated in their audit plan that the accounts materiality is £8.75m (£9m in 2019/20). Individual transactional level materiality, will be set at £437k (£450k for 2020/21).
- 1.8 Audit Committee will be asked to formally approve the audited Statement of Accounts for publication having regard to Grant Thornton's findings and opinion on whether the accounts give a true and fair view of the Council's financial performance for the year and its financial position at the end of the year and whether they have been prepared in accordance with proper practice. The deadline for publishing the audited accounts is now 30 September 2021. As set out in Grant Thornton's proposed audit timetable in their report to the Committee in June, they are targeting a November 2021 sign off date and this is expected to be confirmed in their Audit Plan

## **2. Key Issues**

- 2.1 The Council's draft unaudited Statement of Accounts 2020/21 to be published on the Council's website are attached as Appendix 3. The accompanying Narrative Report is attached as Appendix 1.
- 2.2 The accounts have been produced in accordance with The CIPFA code of practice, there have been no new International Financial Reporting Standards (IFRS) to consider and include.

## **3. Options considered and recommended proposal**

- 3.1 Compliance with the Accounts and Audit Regulations 2015 is a statutory requirement. The Regulations state that the Council's "responsible financial officer" is required to sign-off the draft unaudited Statement of Accounts by the statutory date and confirm that they are satisfied it presents a true and fair view of the Council's financial position for the financial year. However, the Audit Committee does have discretion over whether it wishes to receive the unaudited accounts before they are formally required to approve them for publication post audit.

#### **4. Consultation on proposal**

- 4.1 Close liaison continues to be maintained with the Council's External Auditors to ensure that complex accounting issues and action taken in response to changes to the local authority accounting framework are agreed in advance of the accounts being prepared.

#### **5. Timetable and Accountability for Implementing this Decision**

- 5.1 The statutory deadline for publishing the draft unaudited Statement of Accounts for 2020/21 by 31 July will be met. The statutory deadline for publishing the audited financial statements for 2020/21 is 30 September, as indicated above, the Council will not be able to meet this deadline, as Grant Thornton have indicated they will not complete the audit work in time, for the various reasons highlighted in their June update to Audit Committee.

##### **Financial and Procurement Advice and Implications**

- 5.2 There are no financial or procurement implications directly associated with closure of the accounts, other than the impact on the audit fee of having good quality financial statements and supporting working papers which meet Grant Thornton's expectations.

#### **6. Legal Advice and Implications**

- 6.1 None, other than ensuring compliance with the requirements of the Accounts and Audit Regulations 2015.

#### **7. Human Resources Advice and Implications**

- 7.1 There are no Human Resource implications arising from the report.

#### **8. Implications for Children and Young People and Vulnerable Adults**

- 8.1 There are no implications arising from the proposals to Children and Young People and Vulnerable Adults.

#### **9. Equalities and Human Rights Advice and Implications**

- 9.1 There are no implications arising from this report to Equalities and Human Rights.

#### **10. Implications for Partners**

- 10.1 The NHS requires information on how the pooled budgets operated under the Better Care Fund have been spent to an earlier timetable than that of the Council. Arrangements have been made to ensure this earlier timetable is met. There are no other implications arising from this report to Partners or other directorates.

## 11. Risks and Mitigation

11.1 Robust project management arrangements have been put in place to ensure that the timetable is adhered to and quality standards met.

## 12. Accountable Officer(s)

Judith Badger (Strategic Director of Finance & Customer Services)

Approvals obtained on behalf of:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive		Click here to enter a date.
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	Click here to enter a date.
Assistant Director of Legal Services (Monitoring Officer)	Named officer	Click here to enter a date.
Assistant Director of Human Resources (if appropriate)	Lee Mann	Click here to enter a date.
Head of Human Resources (if appropriate)		Click here to enter a date.

*Report Author:* Rob Mahon (Finance Manager – Financial Accounting)  
Finance & Customer Services Directorate  
01709 254518 [rob.mahon@rotherham.gov.uk](mailto:rob.mahon@rotherham.gov.uk)

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