

Committee Name and Date of Committee Meeting

Audit Committee – 30 September 2021

Report Title

Audited 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

Ward(s) Affected

Borough-Wide

Report Summary

Under the Accounts and Audit Regulations 2015, local authorities were required to publish their unaudited accounts no later than 31 July 2021, for the financial year 2020/21, accompanied by a Narrative Report and draft Annual Governance Statement. The deadline for the final publication of the Council's audited accounts is 30th September 2021, however, as previously reported to Audit Committee by Grant Thornton, the Council's external audit of its 2020/21 accounts will not have completed by this point. This is through no fault or delay in providing audit information on the Council's behalf but due to national issues with public sector audit requirements that have been covered at previous Audit Committees.

As such, the Council is not able to present an audited set of accounts to the Audit Committee, nor a final or draft ISA 260 report as insufficient progress has been made to date on the audit to allow for this. Instead, the Council is presenting to Audit Committee the revised version of its final accounts, following a change to the pension fund statements, with regards to the valuation of pension fund assets. The Council intends to publish the revised final accounts on the Council's website following approval from Audit Committee and the Council's Section 151 Officer.

The external audit will continue and once that has been completed, the ISA260 will be brought to Audit Committee for consideration.

At this point Grant Thornton are not able to confirm any intention to issue an unqualified opinion on the Statement of Accounts.

Grant Thornton are not able to confirm an intention to issue an unqualified opinion in respect of the Council's value for money arrangements.

Recommendations

1. Having taken due regard of the current position of the external audit, formally approve the 2020/21 Statement of Accounts attached as Appendix 1 for publication as final and the 2020/21 Narrative Report attached as Appendix 2 for publication as final; and
2. Note that the ISA260 will be brought to a future Audit Committee for review once Grant Thornton have completed their audit work.

List of Appendices Included

Appendix 1 – 2020/21 Statement of Accounts to be published as final

Appendix 2 – 2020/21 Narrative Report to be published as final

Background Papers

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

Accounts and Audit Regulations 2015

Audit Committee meeting – 4 February 2020

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 At the Audit Committee meeting on 29th July 2021 members received Grant Thornton's Audit Plan for 2020/21 which set out the audit approach Grant Thornton planned to take to discharge their audit objectives and the risks they had identified in relation thereto, and, then at the same Audit Committee meeting members were presented with a report covering the challenges that public sector auditors are facing at present. At this point Grant Thornton made clear their view that the audit of the Council's accounts would not be completed in sufficient time to allow the Councils to publish final audited accounts by the statutory deadline, 30th September 2021.
- 1.2 In order to complete the audit process in compliance with the Accounts and Audit Regulations 2015, the Audit Committee, as the body charged with governance within the Council, is required to formally resolve that the Statement of Accounts and Narrative Report be approved for publication. The period for local electors to exercise their rights to ask questions of the auditor or to raise a formal objection that an item of account is unlawful has expired. However, as the external audit of the accounts has not been completed the Council cannot present to members an audited set of accounts with an audit opinion for consideration.
- 1.3 The Council is presenting to Audit Committee the revised version of its final accounts, following a change to the pension fund statements, with regards to the valuation of pension fund assets. The Council intends to publish the revised final accounts on the Councils website following approval from Audit Committee and the Council's Section 151 Officer. Should any material issues be identified as part of the ongoing external audit of the accounts, leading to a change in the accounts being required then Audit Committee will be updated on that change at the point the external audit completes and the ISA260 report is presented for consideration.

2. Key Issues

- 2.1 In order to complete the audit process in compliance with the Accounts and Audit Regulations 2015, the Audit Committee, as the body charged with governance within the Council, is required to formally resolve that the Statement of Accounts and Narrative Report be approved for publication. The period for local electors to exercise their rights to ask questions of the auditor or to raise a formal objection that an item of account is unlawful has expired. However, as the external audit of the accounts has not been completed the Council cannot present to members an audited set of accounts with an audit opinion for consideration.

- 2.2 The Council is presenting to Audit Committee the revised version of its final accounts, following a change to the pension fund statements, with regards to the valuation of pension fund assets. The Council intends to publish the revised final accounts on the Council's website following approval from Audit Committee and the Council's Section 151 Officer. Should any material issues be identified as part of the ongoing external audit of the accounts, leading to a change in the accounts being required then Audit Committee will be updated on that change at the point the external audit completes and the ISA260 report is presented for consideration.
- 2.3 At present there have been no significant material adjustments identified by the Council's external auditor that require an adjustment to the Council's accounts. However, the Council has received information from the South Yorkshire Pensions Authority relating to a significant change in their fair value investment asset valuations for 2021/22. The draft accounts are published on the basis of the IAS 19 report that the actuary provide to the Council, however, the valuation of investment assets at this point is based on data available as at the 31st January 2021. Following the closure of the SYPA accounts, they review their valuations and update the fair value of investment assets. The outcome of this process was a material difference in the value of their assets, the knock-on impact for the Council was a £20m increase in pension fund assets that have to be disclosed within the Council's IAS 19 note. This change does not impact the Council's budget position of outturn position for 2020/21.
- 2.4 Grant Thornton are not able to confirm an intention to issue an unqualified opinion in respect of the Council's value for money arrangements.

3. Options considered and recommended proposal

- 3.1 There is no discretion on whether to comply with the Code of Practice on Local Authority Accounting or the Accounts and Audit Regulations 2015. The purpose of the recommendations is for Audit Committee to meet its responsibilities in relation to the closure of the accounts.

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 financial statements being prepared.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The statutory deadline for publishing the audited financial statements is 30th September 2021. Grant Thornton are not able to conclude their audit by this point.

6. Financial and Procurement Advice and Implications

- 6.1 There are no financial or procurement implications directly associated with this report, other than continuing to produce good quality financial statements and supporting working papers which meet Grant Thornton's expectations and will help to minimise the audit fee.

7. Legal Advice and Implications

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

8. Human Resources Advice and Implications

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

9. Implications for Children and Young People and Vulnerable Adults

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

10. Equalities and Human Rights Advice and Implications

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

11. Implications for CO2 Emissions and Climate Change

- 11.1 No direct implications.

12. Implications for Partners

- 12.1 There are no other implications arising from this report to Partners.

13. Risks and Mitigation

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

14. Accountable Officer(s)

Judith Badger (Strategic Director of Finance & Customer Services)

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

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