

STATEMENT OF ACCOUNTS 2020/21

Report of the Deputy Chief Executive (Section 151 Officer)

1. INTRODUCTION AND PURPOSE OF REPORT

- 1.1 Mazars LLP are the Council's external auditors and have undertaken the audit of the Council's 2020/21 Statement of Accounts.
- 1.2 The Council's draft unaudited 2020/21 Statement of Accounts were made available to the Auditor on the 11 June 2021. The accounts have again been prepared to a high standard demonstrating the Council's robust financial management and providing assurance that public resources have been used and accounted for appropriately.
- 1.3 The Audit Committee is asked to consider the issues that have arisen during the audit. The final audited 2020/21 Statement of Accounts are presented in a separate document included on this Agenda (Appendix One). Amendments made to the draft accounts as part of the external audit process are highlighted throughout this document.
- 1.4 As part of the audit process, the Deputy Chief Executive (Section 151 Officer) is required to write a letter of representation to Mazars LLP to confirm that he has fulfilled his statutory fiduciary responsibilities on behalf of the Council. This will be carried out following approval of the Statement of Accounts by the Audit Committee. The Auditor will then issue the Audit Certificate to the Council, which will be included in the published Statement of Accounts. The letter of representation is provided at Appendix Two for information.

2. COVID19 Impact on Reporting Deadlines

- 2.1 The Accounts and Audit Regulations 2015 state that draft unaudited accounts must be made available for public inspection during the first ten working days of June, which means that the draft unaudited accounts must be published by 31 May following the financial year being reported. The regulations also set out that the publication date for audited accounts is 31 July. However, as a result of the COVID19 pandemic, the Ministry of Housing, Communities and Local Government (MHCLG) has acknowledged the difficulties that local authorities have in achieving the existing deadlines and, as in 2019/20, has issued an amendment to these Regulations for the 2020/21 Statement of Accounts and this amendment will also apply to the 2021/22 Statement of Accounts.
- 2.2 In its amendment, MHCLG has removed the requirement for the public inspection period to include the first ten working days of June. Instead, the public inspection period must commence on or before the first working day of August 2021. This means that the draft unaudited accounts must be approved for publication by 31 July 2021 at the latest. As the requirement for a common inspection period has been removed, the publication of the draft unaudited accounts may be published earlier.

- 2.3 The amendment to the regulations also moved the publication date for audited accounts from 31 July to 30 September 2021.
- 2.4 The preparation of the Statement of Accounts is a major undertaking and work was well underway by the time the amended regulations were published. After discussions with our external auditors, we agreed that the approved draft unaudited accounts would be published on 11 June 2021, well ahead of 31 July deadline.
- 2.5 In line with the amended Regulations, the Council published a Notice on its website explaining the changes to the Period of Public Inspection, which this year was from 14 June 2021 to 23 July 2021.

3 Key Issues for 2020/21

- 3.1 Each year CIPFA introduce new accounting standards and amendments to existing accounting standards as well as other improvements to the Local Authority Accounting Code of Practice. There are no significant changes for the Council's Accounts for 2020/21.

4 Adjustments and Updates to the 2020/21 Draft Statement of Accounts

- 4.1 At the time of writing this report, the Auditor has not identified any material adjustments to the Council's draft 2020/21 Statement of Accounts during the course of their audit work. This is a significant achievement for the Finance Team, as the task to prepare the Council's accounts and comply with International Accounting Standards and the CIPFA Code of Practice continues to be a very challenging one.
- 4.2 As part of this year's audit process, Mazars LLP has carried out extensive testing on the Statement of Accounts, including a series of audit reviews by the Audit Team, Mazars LLP's Technical Audit Team and the Audit Manager. During this process, the Council has agreed to a number of improvements to disclosures, narrative and presentation in addition to disclosure adjustments. Most of these adjustments are minor in nature and the Audit Completion Report (elsewhere on the Agenda) provides details of the more significant disclosure changes. All changes to the 2020/21 Statement of Accounts are highlighted in the document, which can be found at Appendix One.
- 4.3 Council Officers have also made a change to the Statement of Accounts following the notification of an error in the final output report of the Collection Fund system, Civica. A system software update was installed on 15 June 2021 and an analysis of the corrected figures revealed that the Business Rates debtors and creditors were each overstated by £3.515m. Note 17, Short and Long-term Debtors including Payments in Advance, and Note 20, Short and Long-Term Creditors including Receipts in Advance have been amended, as well as the debtors and creditors figures within the Balance Sheet and Cashflow Statements (for both Council and Group Accounts).
- 4.4 Whilst the audit of the 2020/21 Statement of Accounts is substantially complete, at the time of writing this report there are some parts of the audit still to be finalised by Mazars LLP. The outstanding work includes the completion of the audit of the Greater Manchester Pension Fund. This is a significant item, which potentially could result in a material change to the Statement of Accounts.

- 4.5 Any subsequent matters arising as a result of the outstanding work will be presented to the Audit Committee at its meeting on 8 September 2021. Where it is the case that the outstanding work in relation to the Greater Manchester Pension Fund is not completed, it is recommended that this Committee considers the Statement of Accounts 2020/21 and that it delegates responsibility for the final approval of the Council's 2020/21 Statement Accounts to the Deputy Chief Executive (Section 151 Officer) in consultation with the Chair of the Audit Committee once advised to do so by the External Auditor. However, in the event that there are material changes required as a result of the completion of the outstanding audit work then the Audit Committee meeting would need to reconvene to approve the revised Statement of Accounts.
- 4.6 As required by legislation, a copy of the draft accounts has been published on the Council's website for inspection by interested parties since 14 June 2021. The audited 2020/21 Statement of Accounts will be published following approval and will replace the draft unaudited version on the Council's website.

5 RECOMMENDATIONS

5.1 The Audit Committee is asked to:

- Consider the Council's 2020/21 Statement of Accounts; and, either

Where the outstanding work in relation to the Greater Manchester Pension Fund is completed

- Approve the Council's 2020/21 Statement of Accounts and minute the approval and signing of the Statement of Accounts and Management Letter of Representation (Appendix Two),

or

Where the outstanding work in relation to the Greater Manchester Pension Fund is not completed

- In the event of no material changes as a result of the outstanding audit work, delegate the approval of the 2020/21 Statement Accounts to the Deputy Chief Executive (Section 151 Officer) in consultation with the Chair of the Audit Committee on receipt of advice from the External Auditor.

BACKGROUND PAPERS

There are none

Anyone wishing to inspect the above background papers or requiring further information should contact Jonathan Davies on telephone number Tel: 218 1025 or alternatively email jonathan.davies@stockport.gov.uk