

NORTH LINCOLNSHIRE COUNCIL

AUDIT COMMITTEE

AUDITED ACCOUNTS 2020/2021

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 The council's unaudited accounts were approved by the Director: Governance and Partnerships on 1 July 2021. This met the statutory requirement that they be approved by 31 July 2021.
- 1.2 The accounts have since been audited and the external auditors have set out their findings in their audit completion report. This committee now needs to consider the proposed amendments and approve the changes to the accounts that result from it.
- 1.3 It is expected that the council's external auditors will issue an unqualified opinion on the accounts.

2. BACKGROUND INFORMATION

- 2.1. The Accounts and Audit Regulations 2015 (England) require the council to publish a statement of accounts each financial year. These accounts are the formal statement of the council's financial performance for the year and its financial position at the end of that period. A financial year runs from April to March.
- 2.2. The legislation relating to the timescale for the production and audit of the accounts was amended for the 2020/2021 and 2021/2022 financial years. These changes were incorporated into the Accounts and Audit (Amendment) Regulations 2021 (SI 2021/263).
- 2.3. The production of the draft accounts deadline moved from 31 May to 31 July 2021. The audit completion date moved from 31 July to 30 September 2021.
- 2.4. The council's unaudited accounts were approved by the Director Governance and Partnerships on 1 July 2021. This met the statutory requirement that they be approved by 31 July 2021. The audit deadline was not met and full disclosure was published in line with guidance on the local authority's website.
- 2.5. International Standard on Auditing 580 'Management Representations' requires auditors to obtain written confirmations of appropriate representations from management before the audit report is issued.

A proposed letter of representation is included within the Audit Completion Report, which the Committee is asked to approve and authorise the Chair of the Audit Committee and the Director Governance and Partnerships to sign.

- 2.6. Additionally, IAS 570 requires a specific statement on the applicability of the 'Going Concern' concept to the council. The accounts have been prepared on a going concern basis. A review of the applicability of the concept to the council can be seen in a separate report to this Committee.
- 2.7. The International Standard on Auditing 260 – 'The Auditor's Communication with Those Charged with Governance (ISA 260)' requires auditors to report certain matters arising from the audit of the council's financial statements before giving an opinion on them.
- 2.8. The Audit Completion Report (ACR) from the council's auditors (Mazars) is on this committee agenda. It sets out the matters arising from the audit of the council's 2020/2021 accounts and Mazars will present to the committee. A copy of the amended accounts is included with this report.

Main Findings within the ACR report that have led to amendments to the accounts

- 2.9. 1 Adjusted misstatement was identified in relation to the Cashflow.
 - Presentational error within the supporting notes relating to sale of property, plant and equipment
- 2.10. 3 disclosure amendments were identified:
 - Capital Commitments – commitment figure reduced to reflect that £0.7m of the contract has been accrued for.
 - Related Party Transactions – Typographical error amended from £115k to £15k.
 - Agency Income and Expenditure – disclosure note removed as the administering of COVID19 grants not an agency arrangement covered by this disclosure
- 2.11 The revised Annual Governance Statement 2020/21 makes reference to the significant findings within the Audit Completion report and is included as an appendix to this report.

3. OPTIONS FOR CONSIDERATION

- 3.1. The Statement of Accounts and Annual Governance Statement for 2020/2021 be received and approved following consideration of the Auditor's Audit Completion Report (ISA 260) report.
- 3.2. The Audit Committee are also invited to endorse the signing of the Letter of Representation.

3.3. Delegate approval to the Chair and the Director Governance and Partnerships to approve the audited set of accounts on behalf of the Audit Committee following the satisfactory completion of all audit work.

4. ANALYSIS OF OPTIONS

4.1. The Committee should ask sufficient questions to gain assurance that the draft accounts present fairly the financial position of the council.

5. FINANCIAL AND OTHER RESOURCE IMPLICATIONS (e.g. LEGAL, HR, PROPERTY, IT, COMMUNICATIONS etc.)

5.1 The accounts present the council's financial position as at 31 March 2021.

6. OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)

6.1 The Accounts and Audit Regulations 2015 (England), amended by the Accounts and Audit (Amendment) Regulations 2021 (SI 2021/263), require that each authority prepare and approve its accounts by 31 July 2021 and publish them by 30 September 2021. The format and content of the accounts is also governed by the IFRS Code of Practice issued by CIPFA.

7. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

7.1 Not applicable.

8. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

8.1 Not applicable.

9. RECOMMENDATIONS

9.1 The Statement of Accounts for 2020/2021 be approved.

9.2 The Audit Committee endorse the signing of the Letter of Representation by the Chair of the Audit Committee and the Director Governance and Partnerships.

9.3 Delegate approval to the Chair of the Audit Committee and the Director Governance and Partnerships to approve the audited set of accounts on behalf of the Audit Committee following the completion of all audit work.

DIRECTOR: GOVERNANCE AND PARTNERSHIPS

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Date: 25 October 2021

Background Papers used in the preparation of this report

- Statement of Accounts 2020/2021
- CIPFA Accounting Code of Practice
- Notice of delay in publishing the 2020-21 Audited Statement of Accounts
- 2020-2021 Delay – Audit Letter