

Statement of Accounts 2020/21

Executive Portfolio Holder: Peter Seib, Finance and Legal Services
S151 Officer: Karen Watling, Chief Finance Officer
Lead Officer: Paul Matravers, Lead Specialist – Finance
Contact Details: paul.matravers@southsomerset.gov.uk or 01935 462275

Purpose of the Report

1. The purpose of this report is to present the 2020/21 Statement of Accounts to Audit Committee for approval.

Forward Plan

2. This report appeared on the Audit Committee Forward Plan with an anticipated Committee date of 2 December 2022. Following the need for additional Audit work, the Audit Committee was moved to 15 December 2022.

Public Interest

3. As a local authority SSDC is required to demonstrate compliance with the underlying principles of good governance and that a framework exists to demonstrate this. By preparing and publishing the annual Statement of Accounts the Council achieves the objective of accountability.

Recommendations

4. That Audit Committee:
 - a) note the external auditor's unqualified opinion on the financial statements;
 - b) approve the 2020/21 Statement of Accounts (a copy of the Statement of Accounts has been circulated separately with this agenda) and to authorise, if required, the Chair of Audit Committee and the S151 Officer to approve adjustments to the statement of accounts;
 - c) To authorise, or if required, delegate the signing of the Letter of Representation to the Chair of Audit Committee and the S151 Officer in the event that all audit work has not been completed by the date of this meeting.

Background

5. The Accounts and Audit Regulations (England) 2015 came into force on 1 April 2015, bringing a requirement for the Responsible Finance Officer to certify the annual accounts no later than 31 May and to publish with the audit opinion, having



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been approved by Members and re-certified by the responsible finance officer, no later than 31 July.

6. The Accounts and Audit (Coronavirus) Amendments Regulations 2020 (SI 2020/404) superseded these requirements and extended the statutory audit deadline for 2020/21 for all local authorities, to 30 November 2021. Due to the completion of the statement of accounts taking longer than anticipated and therefore not being provided to the external auditors in line with the agreed timetable SSDC's accounts were not signed off by the required date.
7. Under the Accounts and Audit Regulations (England) 2015 regulations, the Responsible Finance Officer was required to ensure that the period for the exercise of public rights includes the first 10 working days of June. The period for the exercise of public rights (which includes the rights of objection, inspection and questioning of the external auditor) may only be exercised within a 30 day period.
8. However, the Accounts and Audit (Coronavirus) Amendments Regulations 2020 superseded this requirement. The regulations now state that Local authorities had to commence the public inspection period on or before the first working day of August 2021. The accounts, confirmed by the Responsible Finance Officer, were published on the 30 July 2021 and the 30 day inspection period ended on 10 September 2021.
9. In previous years Audit Committee considered the Statement of Accounts once it had been audited alongside the external audit opinion and the audit findings report.
10. The S151 Officer changed the approach with the statements being presented to the Audit Committee for review in their draft pre-audited stage (meeting date: 30th September 2021). This allowed the Audit Committee to review the statements in detail and ask officers questions on the figures and information included in the accounts. This subsequent meeting enables committee members to focus on the audit finding report, the audit opinion and the changes to the statements as a result of the audit. Members will also then be asked to agree the audited Statement of Accounts for the financial year 2020/21.

Changes to the 2020/21 Statement of Accounts

11. An update on the 2020/21 audit was provided to audit committee on 2 September 2022. At this meeting details of one of the main issues outstanding on the audit was provided to the committee. The issue was in respect of the Group Property, Plant and Equipment element of the audit with the committee being informed that this area was the key reason why the audit could not be concluded at that point.
12. An update on the issue was provided and the committee were notified that a second valuation on the battery energy storage site in Taunton would be required in order that the audit could be concluded. A timescale of one month was indicated in terms of the report being received by the Council. This would then



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need to be reviewed and agreed by Council Officers before being forwarded to the External auditors to do their work in this area.

13. The second valuation was received by the council on the 30 September, the report was reviewed and forwarded to the external auditors on the 4 October. The auditors reviewed the report and responded with several queries, ongoing dialogue between the auditors, council officers and the external valuer has taken place in the intervening period and this issue is anticipated to be resolved by the time the committee meet on 15 December.
14. In addition to the valuation issue, there have been a number of other changes to the 2020/21 statement of accounts as a result of the external audit. The key findings and adjustments made to the 2020/21 statements are detailed in the final audit findings report which is an agenda item at this meeting.

Auditor's Opinion

15. Grant Thornton UK LLP anticipate issuing an unqualified audit opinion which endorses that the accounts provide a true and fair view of the financial statements as at 31st March 2021.
16. Grant Thornton are also satisfied that the Council has proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money conclusion and provides a positive endorsement that the Council has proper arrangements in all significant respects to ensure it delivered value for money.
17. During the audit some material mis-statements were identified. There has also been a number of misclassification and disclosure requirements which have had to be addressed. Details of the misclassification and disclosure changes are included in the audit findings report.
18. These errors and subsequent changes are regrettable but perhaps not surprising in the current conditions. We will, however, seek to ensure these are not replicated next year and continue to improve our reporting and checking processes.

Financial Implications

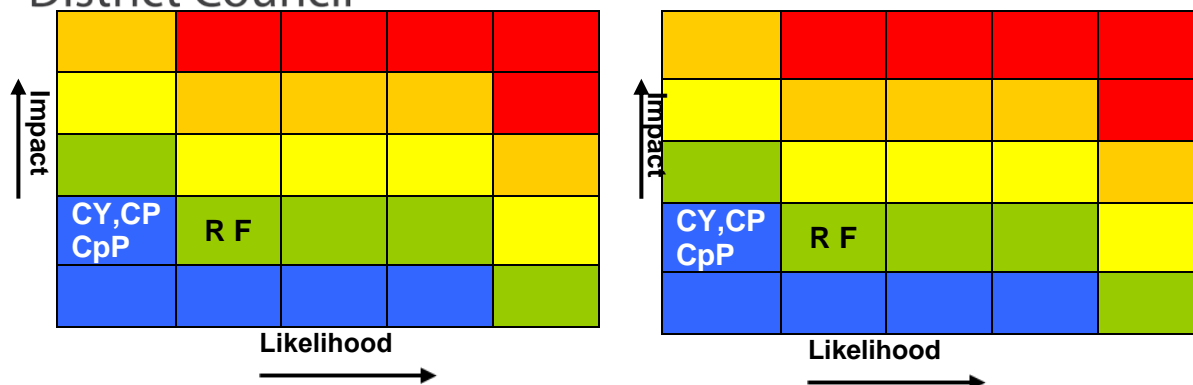
19. There are no financial implications associated with these recommendations.

Risk Matrix

Risk Profile before officer recommendations Risk Profile after officer recommendations



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Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

Council Plan Implications

- The Statement of Accounts are closely linked to the Council Plan, and maintaining financial resilience and effective resource planning is important to enable the council to continue to fund its priorities for the local community.

Carbon Emissions and Climate Change Implications

- There are no carbon emissions or climate change implications in this report.

Equality and Diversity Implications

- There are no equality or diversity implications

Privacy Impact Assessment

- There is no personal information included in this report.

Background Papers

- There are two background papers:
 - Revenue outturn 2019/20
 - Capital outturn 2019/20