

TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE – 28 SEPTEMBER 2021

2020/21 STATEMENT OF ACCOUNTS

REPORT OF THE DIRECTOR: FINANCE & HR (CHIEF FINANCIAL OFFICER)

LEAD CABINET MEMBER – CLLR RAE EVANS

PART A) SUMMARY REPORT

- 1.1 This report provides Members with an update on the audit of the Council's accounts for 2020/21 and presents the Statement of Accounts for approval. It should be noted that at the time of writing this report Grant Thornton are still finalising their audit work and delegated authority is therefore sought to make any final changes required prior to publication.
- 1.2 The Statement of Accounts is prepared on an International Financial Reporting Standards (IFRS) basis as interpreted by the Local Government Accounting Code of Practice which continues to add a level of complexity.
- 1.3 In accordance with the Accounts and Audit (England) Regulations 2015 and associated Coronavirus Amendment regulations in 2021, the Chief Financial Officer certified the draft statement of accounts. These were presented to Audit Committee on the 27 May 2021, made available for public inspection and provided to the external auditors to undertake the audit of accounts. As required by regulation, the updated statement of accounts is now presented to members for approval, prior to publication. This Committee has delegated authority to approve the council's audited Statement of Accounts.
- 1.4 It is anticipated that Grant Thornton, the Council's external auditors will give the accounts an unqualified audit opinion and they will provide an update on their audit work to Members at this meeting of the Committee.
- 1.5 A number of changes to the accounts have been identified, which have been agreed and included in the updated Statement of Accounts appended to this report. Further details of these can be found in section 4 below. The changes do not affect the outturn position or General Fund Balance which remain as reported to Cabinet on 10 June 2021.
- 1.6 Following approval, and any final changes required, the Statement of Accounts will be published on the Council's web site and a copy will be circulated to Audit Committee Members.

2.0 RECOMMENDATIONS

- 2.1 That Members approve the 2020/21 Statement of Accounts attached in the Appendix.**
- 2.2 That delegated authority be granted to the Director: Finance & HR to make any final changes required to the Statement of Accounts prior to publication.**

3.0 SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Cooperative Council priorities?	
	Yes	Delivery of all cooperative council priorities depend on the effective use of available resources. Regular financial monitoring helps to highlight variations from plan.
	Will the proposals impact on specific groups of people?	
	No	
TARGET COMPLETION/DELIVERY DATE	To publish audited accounts by the 30 September 2021.	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	The financial impacts are detailed throughout the report.
LEGAL ISSUES	No	The Statement of Accounts have been prepared in accordance with the 2020/21 Code of Practice on Local Authority Accounting and the 2015 Accounts and Audit Regulations (and subsequent amendments).
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	
IMPACT ON SPECIFIC WARDS	No	Borough Wide

PART B) ADDITIONAL INFORMATION

4.0 INFORMATION

4.1 The 2020/21 outturn position was reported to Cabinet on the 10 June 2021. In accordance with the Accounts and Audit (England) Regulations 2015, the Council is required to prepare formal Statement of Accounts in a prescribed format, following International Financial Reporting Standards. As required, the Chief Financial Officer certified the draft statement of accounts which were then made available for public inspection and provided to the external auditors to undertake the audit of accounts.

4.2 The final overall underspend of £0.038m (-0.03% of net budget) is the same as previously reported to members in June.

4.3 A number of changes have been made to the accounts during the course of the audit after discussion with Grant Thornton. None of these have impacted on the General Fund Balance position previously reported. They include:

- **Prior Period Restatement (PPR)** – a PPR has been included in note 2 to reflect the change in the organisation structure between 2019/20 and 2020/21. There are no changes to the 2019/20 statement of accounts, the 2019/20 figures in the 2020/21 statements have simply been re-presented to reflect the 2020/21 management structure so that both years are on a comparable basis. The PPR highlights this change and is required to comply with accounting regulations.
- **Disclosure of Deployment of Dedicated Schools Grant (DSG)** – updated figures have been received from the Education and Skills Funding Agency (ESFA) in relation to final DSG figures. Note 6 has been updated accordingly.
- **Property, Plant & Equipment (PPE)**– amendments have been made in respect of: capital spend charged to PPE which should have been treated as Revenue Expenditure Funded by Capital Under Statute (mainly schools which have become academies); a valuation error in relation to one property which has been updated; and depreciation charges omitted and now included for 7 assets.
- **Financial Instruments** – note 21 has been updated to reclassify Prepayments, Benefit Overpayments and Receipts in Advance from Financial Assets/Liabilities to Non-Financial Assets/Liabilities in line with the Code requirements.
- **Group Accounts, Investment Property** – in the Nuplace financial statements, assets under construction at 31 March are valued at cost; on consolidation these feed into Investment Properties and should be included at Fair Value in the Group Accounts. Asset values have therefore been updated from Cost to Fair Value in the Group Accounts.
- **Pension Valuation** – as part of the Shropshire Pension Fund audit a material valuation increase was identified in relation to the Private Equity

portfolio. This has resulted in a £15.7m reduction in the Pension Fund liability which has now been reflected in our Statement of Accounts. Further, the employer's pension contribution pre-payment has been moved from debtors to the Pension Asset/Liability Account.

- **Debtors/Creditors** – an element of the debtors balance is correctly required to be shown as a creditor. Corresponding amendments have therefore been made to both the debtor and creditor totals to reflect this change – with both debtors and creditors balances increasing by the same amount the result is no impact on the overall net position.
- **Related Party Declarations** – updates added to reflect the current information available.
- Various wording/presentational changes
- The Narrative Statement, Core Financial Statements and Group Accounts have been updated to reflect all changes.

4.4 The updated statement of accounts including all agreed amendments is attached in the Appendix.

4.5 An unqualified audit report is anticipated.

4.6 To comply with International Auditing Standards, the external auditor will also present a separate report to those charged with governance, including recommendations, to the Audit Committee which comments on the final accounts audit.

5.0 **IMPACT ASSESSMENT**

There is no further information to add.

6.0 **PREVIOUS MINUTES**

Audit Committee – 27 May 2021

Cabinet – 2020/21 – 10 June 2021

7.0 **BACKGROUND PAPERS**

2020/21 Draft Statement of Accounts

2020/21 Outturn Report

General Ledger Reports

2020/21 Code of Practice on Local Authority Accounting

Accounts and Audit (England) Regulations 2015

The Accounts and Audit (Coronavirus) (Amendment) Regulations 2021

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