

**South Lakeland District Council**  
**Audit Committee**  
**Thursday, 23 September 2021**  
**Audited Statement of Accounts and Annual**  
**Governance Statement 2020/21**

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**Portfolio:** Finance and Resources Portfolio Holder  
**Report from:** Section 151 Officer  
**Report Author:** Helen Smith – Finance Lead Specialist (Section 151 Officer)  
Claire Read – Finance Specialist (Deputy Section 151 Officer)  
**Wards:** (All Wards);  
**Forward Plan:** Not applicable

**Links to Council Plan Priorities:** The Statement of Accounts is one of the key corporate documents produced by the Council to demonstrate its financial position and performance. This underpins all Council priorities.

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**1.0 Expected Outcome and Measures of Success**

1.1 It is expected that a Statement of Accounts, subject to final audit opinion, will be approved by the 30<sup>th</sup> September 2021. In accordance with statutory requirements, publication will be as soon as reasonably practical after receiving the audit opinion.

**2.0 Recommendation**

**2.1 It is recommended that on receiving the updated information Audit Committee:**

- (1) approve the Statement of Accounts;**
- (2) approve the letter of representation;**
- (3) authorise the Chair of the Audit Committee to sign the letter of representation and the Statement of Accounts on behalf of the committee;**
- (4) authorise the Chairman to re-sign the Statement of Accounts in the event of further amendments following the final audit findings report;**
- (5) note the Annual Governance Statement action plan; and**
- (6) note the External Audit action plan.**

**3.0 Background and Proposals**

3.1 The Accounts and Audit (Amendment) Regulations 2021 amended the Accounts and Audit Regulations 2015, changing the dates that authorities are required to prepare and publish its approved draft and audited accounts from 31st May and 31st July respectively, to 31st July and 30th September respectively for both the 2020/21 and

2021/22 accounts. As reported to Audit Committee in July 2021, the Council's accounts were submitted to the External Auditor on 18 June 2021 in accordance with internal timelines, and significantly ahead of the revised statutory deadline.

- 3.2 The unaudited Statement of Accounts for 2020/21 were approved by the Finance Lead Specialist (Section 151 Officer) on 18 June 2021. The accounts were subject to public inspection (from 21 June 2021) where the general public could raise objections, questions and comments with the External Auditor. The revised Accounts and Audit Regulations 2015 require that the 2020/21 accounts should be considered and approved by members and published no later than the 30 September 2021, or as soon as reasonably practicable after the receipt of the auditor's final report (if later than 30 September).
- 3.3 The audit process is currently being finalised and a number of amendments have been identified. This includes some items where changes are required because of changed circumstances – including the Government amending the calculation of a grant and a change in valuations by the Cumbria Pension Fund. These amendments are detailed in Appendix 1 to this report. The significant changes are:
  - a) Amended treatment of capital receipts: under correct accounting treatment income due but not received by 31 March each year should be treated as a deferred capital receipt but has been treated as a capital receipt. The deferred capital receipt is then reversed when the capital receipt is received. This incorrect treatment has been applied since the Large Scale Voluntary Transfer of the housing stock and will require a prior period adjustment and a third balance sheet to be inserted to show the balances at 1 April 2019 for 2019/20 as well as the usual 31 March 2020 balances. This amendment will have little impact as the capital receipts due from South Lakes Housing are all payable by the end of April following the year-end so this change will not have a significant impact on the ability to spend the receipts.
  - b) Tax Income Guarantee grant due: the Government made an error in the calculator issued to calculate income due from this new grant for business rates (grant is also due relating to council tax: this calculation was correct). An additional £122,157 will be payable in 2021/22 relating to 2020/21 and will be recognised in the Comprehensive Income and Expenditure account and transfer to the Tax Income Guarantee reserve. This grant is to offset reductions in income in 2021/22 due to Covid-19-related adjustments to business rates in 2020/21.
  - c) NNDR from Pool: accounting for business rates requires billing authorities to calculate the income due compared to their business rate baseline and to pay a levy of 50% of any surplus to the Government unless part of a business rate pool where the levy is paid to the pool and then shared between members of the pool. The baseline for 2019/20 (£2,213,086) was used for the estimate of the 2020/21 pool contributions instead of the baseline for 2020/21 (£2,249,145), which has resulted in recognising too much income from the pool. This has now been reconciled with figures from the NNDR pool accounts, which were not available in June 2021 when this Council's accounts were prepared. Income from the pool will reduce from £896,903 to £593,255. This will reduce the balance on the NNDR Pool Income Reserve from £3.124m to £2.820m and the NNDR Pool Volatility Reserve from £0.4m to £0.36m.
- 3.4 The revised statement of accounts, including any further amendments agreed between officers and external audit, are being prepared and it is expected that they will be ready for distribution by 21 September 2021. It is expected that the Audit Findings Report will be ready at the same time and both will be circulated prior to the meeting.

- 3.5 A small number of non-trivial disclosure changes are required and these will be included within the revised statements which will be distributed prior to this meeting of Audit Committee. These amendments will be detailed in the Audit Findings Report.
- 3.6 The Audit Findings Report will cover only the review of the Statement of Accounts and associated documents. The Value for Money review is being carried out separately and will be reported to a later meeting of Audit Committee.
- 3.7 As part of the audit of the accounts the Council are required to issue a letter of Representation to the External Auditor. A copy of the letter will be distributed when available and form **Appendix 2**. This forms part of the overall assurance required by the external auditor in providing their opinion. This needs to be approved and signed by the Section 151 Officer and the Chairman of the Audit Committee.
- 3.8 Published alongside the Statement of Accounts is the Annual Governance Statement (AGS), this has been updated for actions that have now been taken. The AGS will be re-signed by the Chief Executive and the Leader of the Council. A copy of the AGS action plan is attached as **Appendix 3**. Implementation of the actions will be monitored through the Audit Committee throughout 2021/22.
- 3.9 Included in External Audit's finding's report will be recommendations that have been agreed with management and progress will be reported on during the course of the 2021/22 audit. A copy of these recommendations and managements response will be distributed when available and will form **Appendix 4**.

#### 4.0 Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Summary of amendments to the 2020/21 Statement of Accounts
2	Draft Letter of representation 2020/21 (to follow)
3	Annual Governance Statement Action Plan
4	Audit Action Plan (to follow)
5	Audited Statement of Accounts and AGS 2020/21 (to follow)

#### 5.0 Consultation

- 5.1 The unaudited statements were published on the Council's website on 21 June 2021 and were open to scrutiny and comment by members of the public from 21 June 2021 in line with the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015. The unaudited statements were reported to Audit Committee on 29 July 2021.

#### 6.0 Alternative Options

- 6.1 The report does not present any alternative options; there is a statutory deadline of 30 September 2021 for publication of the 2020/21 Statement of Accounts or as soon as reasonably practical after the receipt of the Audit Opinion.
- 6.2 It is a requirement to follow proper accounting practice when preparing the Statement of Accounts. There are alternative interpretations of proper accounting practice in some circumstances. Officers have considered potential alternative treatments with external auditors and applied the treatment that is most appropriate based on professional judgement. Areas where significant judgements are made are reported within the accounts.

## 7.0 Implications

### Financial, Resources and Procurement

7.1 There are no additional financial implications other than those contained in the report

### Human Resources

7.2 There are no direct human resource implications of this report

### Legal

7.3 There are no direct legal implications of this report. The revised Accounts and Audit Regulations 2015 require that the 2020/21 accounts should be considered and approved by members and published no later than the 30 September 2021, or as soon as reasonably practicable after the receipt of the auditor's final report (if later than 30 September).

The Monitoring Officer has been involved and has contributed to both the Annual Governance Statement and Action plan.

### Health and Sustainability Impact Assessment

7.4 Have you completed a Health and Sustainability Impact Assessment? No

7.5 If you have not completed an Impact Assessment, please explain your reasons: The Statement of Accounts and AGS are historic documents relating to activities that have occurred during 2020/21

7.6 Summary of Health and Sustainability Impacts

		Positive	Neutral	Negative	Unknown
<b>Environment and Health</b>	Greenhouse gases emissions				X
	Air Quality				X
	Biodiversity				X
	Impacts of Climate Change				X
	Reduced or zero requirement for energy, building space, materials or travel				X
	Active Travel				X
<b>Economy and Culture</b>	Inclusive and sustainable development				X
	Jobs and levels of pay				X
	Healthier high streets				X
	Culture, creativity and heritage				X
<b>Housing and Communities</b>	Standard of housing				X
	Access to housing				X
	Crime				X

	Social connectedness				X
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### Equality and Diversity

- 7.7 Have you completed an Equality Impact Analysis? No
- 7.8 If you have not completed an Impact Analysis, please explain your reasons: The Statement of Accounts and AGS are historic documents relating to activities that have occurred during 2020/21.
- 7.9 Summary of Equality and Diversity impacts

Please indicate: P = Positive impact; 0 = Neutral; N = Negative; Enter "X"					
Age	P		0		N
Disability	P		0		N
Gender reassignment (transgender)	P		0		N
Marriage & civil partnership	P		0		N
Pregnancy & maternity	P		0		N
Race/ethnicity	P		0		N
Religion or belief	P		0		N
Sex/gender	P		0		N
Sexual orientation	P		0		N
Armed forces families	P		0		N
Rurality	P		0		N
Socio-economic disadvantage	P		0		N

Risk Management	Consequence	Controls required
The risk is that the accounts are not authorised, audited and published by the statutory deadline.	The Council's reputation for good financial governance may be diminished.	External audit of accounts within statutory deadlines to provide Audit Committee with assurance that the accounts represent a true and fair view.

### Contact Officers

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Helen Smith, Finance Lead Specialist, 01539 793147, [h.smith@southlakeland.gov.uk](mailto:h.smith@southlakeland.gov.uk)

### Background Documents Available

Name of Background document	Where it is available
Statement of Accounts and Annual Governance Statement 2020/21 reported to Audit Committee 29 July 2021	<a href="https://tinyurl.com/5vmy8bj4">https://tinyurl.com/5vmy8bj4</a>

## Tracking Information

<b>Signed off by</b>	<b>Date sent</b>	<b>Date Signed off</b>
Section 151 Officer	Report of S151 Officer	Report of S151 Officer
Monitoring Officer	09.09.2021	15.09.2021
CMT	n/a	-

<b>Circulated to</b>	<b>Date sent</b>
Lead Specialist	N/A
Human Resources Lead Specialist	N/A
Communications Team	N/A
Leader	N/A
Committee Chairman	N/A
Portfolio Holder	N/A
Ward Councillor(s)	N/A
Committee	23/09/2021
Executive (Cabinet)	N/A
Council	N/A