

South Lakeland District Council
Audit Committee
Thursday, 28 July 2022
Statement of Accounts and Annual Governance
Statement 2021/22

Portfolio: Finance and Assets 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 Council is in a position to deliver against all four Corporate Priorities, listed below, by having a good system of Governance in place.

Working across boundaries

Delivering a balanced community

A fairer South Lakeland

Addressing the climate emergency

1.0 Expected Outcome and Measures of Success

1.1 This report is presented to allow Audit Committee to scrutinise and note the unaudited Statement of Accounts. Also to allow them to consider Annual Governance Statement Action Plan.

2.0 Recommendation

2.1 It is recommended that Audit Committee:-

- (1) consider and note the unaudited Statement of Accounts for 2021/22 (including the Annual Governance Statement) and to consider and note the Annual Governance Statement Action Plan; and**
- (2) confirms that the management response to the auditor risk assessment set out in Appendices 3 and 4 is a true reflection of the council's management processes.**

3.0 Background and Proposals

3.1 The deadlines for the preparation of the unaudited accounts is 31 July 2022 for 2021/22. However the publication date for the audited accounts has changed to 30 November as a result of the Accounts and Audit (Amendment) Regulations 2022 which the Department of Levelling up, Housing and Communities (DLUHC) laid before parliament on 30th June 2022 and come into force on 22 July 2022.

The Council's accounts were submitted to the External Auditor on 5 July 2022 in accordance with internal timelines, and significantly ahead of the revised statutory deadline.

- 3.2 The unaudited Statement of Accounts for 2021/22 were approved by the Finance Lead Specialist (Section 151 Officer) on 5 July 2022 and submitted to the External Auditor on the same day in accordance with internal timelines, and significantly ahead of the revised statutory deadline.
- 3.3 The accounts are subject to public inspection from 8 July – 22 August 2022, where the general public can raise objections, questions and comments with the External Auditor.
- 3.4 The revised Accounts and Audit Regulations 2015 require that the 2021/22 accounts should be considered and approved by members and published no later than the 30 November 2022, or as soon as reasonably practicable after the receipt of the auditor's final report (if later than 30 November).
- 3.5 The Statement of Accounts for 2021/22 is included in the agenda pack. Its production and consideration is an important element of the financial stewardship of the Council. Its format and content are largely governed by statutory best practice, which is defined in CIPFA's "Code of Practice on Local Authority Accounting in the United Kingdom 2021/22".
- 3.6 The Statement contains a number of different elements referenced A to I in the contents page, further details on the purpose of each section are given below.
 - A. Section A gives a general overview of the structure and contents of the accounts.
 - B. The Narrative Report in section B provides an analysis of the financial performance for the year and the main movements in the Council's net worth. This summarises the key elements of the main out-turn report presented to Cabinet on 4 July 2022, Overview and Scrutiny Committee on 8 July 2022 and Council on 13 July 2022.
 - C. The Finance Lead Specialist (S151 Officer) approved the accounts by signing the Statement of Responsibilities on 5 July 2022. This is shown in section C.
 - D. Section D details the accounting policies used in the preparation of the Statement of Accounts. These were adopted by Audit Committee on 8 December 2021.
 - E. Section E presents the core financial statements, namely the Movement in Reserves Statement (MIRS), the Comprehensive Income and Expenditure Statement (CIES), the Balance Sheet and the Cash Flow Statement. These are cross referenced to the Notes to the Accounts in Section E which give more detail behind the figures presented in the core statements.
 - F. Section F includes the notes to the accounts; these are the detailed disclosures required by the Code to explain material transactions and to provide other statutory information (e.g. senior officer remuneration). This section also includes Expenditure and Funding Analysis which aims to link the reported out-turn position in terms of impact on usable reserves, to that under proper accounting practice.
 - G. Section G details the Collection Fund information including the income and expenditure statement and notes.
- 3.7 The Annual Governance Statement (AGS, section H) is published in the same document as the Statement of Accounts. This provides an important context to the financial information as it sets out how internal control has been exercised during the accounting period. This is signed by the Chief Executive and the Leader. This will be updated when the accounts are finalised to reflect any significant governance issues that arise in the intervening period (none are expected).

- 3.8 Audit Committee considered the Local Code of Governance and implementation of the CIPFA Financial Management Code. A self-assessment of actions against the Local Code of Governance has been carried out and the AGS action plan has been updated where the self-assessment has identified potential areas of improvement, both against the Local Code of Governance and the CIPFA FM Code.
- 3.9 The audit of the statements is underway and an update will be provided by External Audit of their progress to date to Audit Committee. It is anticipated that the final statements will be brought back to this committee for authorisation on 22 September 2022 but it is expected that the Value for Money Assessment will be finalised later in the financial year.
- 3.10 Auditing standard ISA (UK) 540 (Auditing Accounting Estimates and Related Disclosures) requires management to provide information to External Audit to inform their risk assessment process for accounting estimates. Auditors are required to understand and assess an entity's internal controls over accounting estimates, including ensuring that those charged with governance can satisfy itself that arrangements for accounting estimates are adequate. The detailed questions in respect of accounting estimates are included in Appendices 3 and 4.
- 3.11 As part of external audit's risk assessment procedures, they are required to obtain an understanding of management processes and this Committee's oversight of the following areas:
- General enquiries of Management
 - Fraud
 - Laws and Regulations
 - Related Parties
 - Accounting Estimates
- 3.12 The report at Appendix 3 includes a series of questions on each of these areas and the responses prepared by management. This Committee should consider whether the responses are consistent with its understanding and whether there are any further comments it wishes to make.
- 3.13 Appendix 4 includes a series of specific questions in relation to management's methods, assumptions and controls in respect of material accounting estimates included in the accounts.

4.0 Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Statement of Accounts 2021/22
2	Annual Governance Statement Action Plan 2021/22
3	Informing the audit risk assessment for South Lakeland District Council 2021/22
4	Accounting Estimate Management Responses 2021/22

5.0 Consultation

- 5.1 The unaudited statements were published on the Council's website on 8 July 2022 and were open to scrutiny and comment by members of the public from 8 July 2022 in line with the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015.

6.0 Alternative Options

- 6.1 The report does not present any alternative options; there is a statutory deadline of 30 November 2022 for publication of the 2021/22 Audited Statement of Accounts or as soon as reasonably practical after the receipt of the Audit Opinion.

7.0 Implications

Financial, Resources and Procurement

- 7.1 There are no direct financial implications arising from this report. The out-turn report being presented to Cabinet on 4 July 2022, Overview and Scrutiny Committee 8 July 2022 and Council on 13 July 2022 explains the underlying impact on the Council's usable reserves and financial performance for 2021/22 which complements the Narrative Report in the Statement of Accounts.

Human Resources

- 7.2 There are no direct human resources implications of this report.

Legal

- 7.3 There are no direct legal implications of this report. Signing of the accounts by the S151 officer, publication of the accounts and submission to external audit by the deadline of 31 July met the Council's statutory reporting obligations. 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 2021/22
- 7.6 Summary of Health and Sustainability Impacts

		Positive	Neutral	Negative	Unknown
Environment and Health	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
Economy and Culture	Inclusive and sustainable development				X
	Jobs and levels of pay				X
	Healthier high streets				X
	Culture, creativity and heritage				X

Housing and Communities	Standard of housing				X
	Access to housing				X
	Crime				X
	Social connectedness				X

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 2021/22.

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
Committee does not consider contents of Statements	Financial Management decisions would be impaired/ controls weakened; key readers of the accounts are not given the chance to raise queries.	Committee to consider statements and make comments as appropriate

Contact Officers

Claire Read, Finance Specialist (Deputy S151 Officer), 01539 793152,
Claire.Read@southlakeland.gov.uk

Helen Smith, Finance Lead Specialist (Section 151 Officer), 01539 793147,
h.smith@southlakeland.gov.uk

Background Documents Available

Name of Background document	Where it is available
Council Agenda – 13 July 2022 Item 6 Revenue and Capital Outturn 2021/22	Agenda for Council on Wednesday, 13 July 2022, 6.30 p.m. (southlakeland.gov.uk)
Audit Committee Minute AUD/27 2021/22 Accounting Polices	Agenda for Audit Committee on Wednesday, 8 December 2021, 6.30 p.m. (southlakeland.gov.uk)

Tracking Information

Signed off by	Date sent	Date Signed off
Section 151 Officer	Report author	Report author
Monitoring Officer	19/07/2022	20/07/2022
CMT	19/07/2022	20/07/2022

Circulated to	Date sent
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	28/07/2022
Executive (Cabinet)	N/A
Council	N/A