



REPORT TO:	AUDIT AND GOVERNANCE COMMITTEE
DATE:	20 SEPTEMBER 2021
SUBJECT:	UNAUDITED FINANCIAL STATEMENTS 2020/21
KEY DECISION:	N/A
PORTFOLIO HOLDER:	COUNCILLOR JONATHAN NOBLE
REPORT AUTHOR:	DEPUTY CHIEF FINANCE OFFICER (CORPORATE) – PSPS LTD
WARD(S) AFFECTED:	N/A
EXEMPT REPORT?	NO

SUMMARY

This report asks that the Audit and Governance Committee review and consider the unaudited Financial Statements 2020/21 including the Annual Governance Statement.

RECOMMENDATIONS

It is recommended that as part of its governance role, the Audit and Governance Committee considers the Unaudited Financial Statements 2020/21 including the Annual Governance Statement (Appendix A), and that the Committee notes that the S151 Officer has formally approved these for publication in line with the statutory deadline of 1 August 2021.

REASONS FOR RECOMMENDATIONS

To comply with best practice.

OTHER OPTIONS CONSIDERED

There are no alternative recommendations.

REPORT

1. Introduction

1.1 The Accounts and Audit Regulations 2015 require that

- The Responsible Finance Officer (Section 151 Officer) signs the unaudited Financial Statements no later than 31 May each year; and
- The Financial Statements be considered and approved by a committee of the Council no later than 31 July each year.

However, due to the Coronavirus Pandemic the regulations have been amended for 2020/21 - Accounts and Audit (Coronavirus) Amendments Regulation 2020 (SI 2021/263). The amended regulations require that

- The Responsible Financial Officer (Section 151 Officer) signs the unaudited Financial Statements no later than 1 August 2021 and
- The Financial Statements including Annual Governance Statement be considered and approved by a committee of the Council no later than 30 September 2021.

To continue the Council's good practice, this report presents the unaudited Financial Statements including Annual Governance Statement to the Committee to enable comments and challenge, and to highlight any key areas.

1.2 The Financial Statements production is complete, and shown at Appendix A is the unaudited version of the 2020/21 Financial Statements (this includes the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, and Balance Sheet as at 31 March 2021, along with the Annual Governance Statement).

1.3 The timescales involved with the approval, inspection and audit of the Council's Financial Statements for 2020/21 are:

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|---|-----------------------|
| • S151 Officer signs Statements | 30 July 2021 |
| • Accounts available for Public inspection from | 31 July 2021 |
| • Audit by Mazars LLP commenced | 16 August 2021 |
| • Unaudited Financial Statements to Committee | 20 September 2021 |
| • Financial Statements approved by Committee | 8 November 2021 (TBC) |
| • Auditor's opinion on Statements issued by | To be confirmed |

1.4 The Accounts have been prepared in accordance with the Code of Practice and the Council's accounting policies.

1.5 The draft Annual Governance Statement is presented within the unaudited Financial Statements.

1.6 The net worth of the Council, as shown in the Balance Sheet, decreased by £8.461m and this is also reflected in the Comprehensive Income and Expenditure Statement. The main reasons are set out in paragraph 1.7.

1.7 The major changes in the Balance Sheet at the year end, considered significant enough to warrant specific reference, are

- An increase of £8.5m in Short-term Debtors, mainly due to the accounting entries associated with the resulting deficits on the Council Tax and Business Rates Collection Fund at 31 March 2021. The debtor balances are the net positions attributable from Lincolnshire County Council, Lincolnshire Police Authority and Central Government on the Collection Fund.
- An increase of £9.0m in Short-term Creditors, mainly due to Covid grants received in 2020/21 but not yet paid out to businesses, therefore 'owed' to Central Government at the year end, and also due to Section 31 Grant relating to Business Rates, where Central Government and Lincolnshire County Council's shares were also paid to Boston Borough Council to assist with cash flow in year, and is therefore due to be paid back at year end.
- The Actuary's assessment of the Council's net Pension Liability increased by £9.4m, as a result of changes in demographic and financial assumptions.

1.8 The audit by Mazars LLP commenced on 16 August 2021 and officers are working to respond to queries and provide information as requests are received.

CONCLUSION

The Committee are asked to review and consider the unaudited Financial Statements 2020/21 including the Annual Governance Statement.

FINANCIAL IMPLICATIONS

As contained in the unaudited Financial Statements at Appendix A.

LEGAL IMPLICATIONS

As contained in the Accounts and Audit Regulations 2015 and the Accounts and Audit (Coronavirus) Amendments Regulation 2020 (SI 2021/263).

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

EQUALITY AND SAFEGUARDING IMPLICATIONS

None

OTHER IMPLICATIONS

None

CONSULTATION

No consultation undertaken.

APPENDICES

Appendices are listed below and attached to the back of the report: -

<i>APPENDIX A</i>	Unaudited Financial Statements 2020/21
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BACKGROUND PAPERS

Background papers used in the production of this report are listed below: -

Document title	Where the document can be viewed
CIPFA Accounting Code of Practice 2020/21	Available from the Financial Services Department

CHRONOLOGICAL HISTORY OF THIS REPORT

A report on this item has not been previously considered by a Council body.

REPORT APPROVAL

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