

# REPORT FOR DECISION



<b>DECISION OF:</b>	<b>Audit Committee</b>
<b>DATE:</b>	<b>30 July 2020</b>
<b>SUBJECT:</b>	<b>Statement of Accounts</b>
<b>REPORT FROM:</b>	<b>Mike Woodhead</b>
<b>CONTACT OFFICER:</b>	<b>Lisa Kitto</b>
<b>TYPE OF DECISION:</b>	<b>NON KEY DECISION</b>
<b>FREEDOM OF INFORMATION/STATUS:</b>	This paper is within the public domain
<b>SUMMARY:</b>	<p>The Council is required to prepare a Statement of Accounts for each financial year. The accounts must be prepared in accordance with statutory timescales and accounting practices. The timescales for the 2019/20 accounts were revised to provide greater flexibility to Local Authorities in light of the COVID-19 pandemic. This report sets out the progress against the revised timescales and the process for reporting the findings of the external audit.</p>
<b>OPTIONS &amp; RECOMMENDED OPTION</b>	<p>The Audit Committee is asked to</p> <ul style="list-style-type: none"> <li>• Note the revised timescales or the production of the Statement of Accounts;</li> <li>• Note the progress made by Bury Council to date and the expected publication date of 1 August 2020;</li> <li>• Note that an additional Audit Committee may need to be scheduled in order to report the findings of the external auditors and to approve the accounts;</li> <li>• Note the improvement work that has been put in place to address issues raised by the external auditors following the audit of the 2018/19 accounts.</li> </ul>

<b>IMPLICATIONS:</b>	
<b>Corporate Aims/Policy Framework:</b>	Do the proposals accord with the Policy Framework?      Yes      No
<b>Statement by the S151 Officer: Financial Implications and Risk Considerations:</b>	The Statement of Accounts are a statutory requirement and this report sets out the way in which the Council will be complying with the requirements.
<b>Equality/Diversity implications:</b>	No direct implications
<b>Considered by Monitoring Officer:</b>	Yes      Comments
<b>Wards Affected:</b>	All
<b>Scrutiny Interest:</b>	None

## TRACKING/PROCESS

## DIRECTOR:

Joint Executive Team/CCMT	Cabinet Member/Chair Briefed	Ward Members (if necessary)	Partners
Scrutiny Committee	Other Committee	Council	Comms

## **1.0 BACKGROUND**

- 1.1 The Council is required to prepare a Statement of Accounts for each financial year. The accounts must be prepared in accordance with statutory timescales and accounting practices. Since 2010/11 those accounting practices have been based on International Financial Reporting Standards (IFRS) which attempt to facilitate the production of accounts in a standardised and consistent format cross the public and private sectors giving greater transparency for stakeholders.
- 1.2 These accounting practices are set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) 2019/20 Code of Practice on Local Authority Accounting in the UK and any additional CIPFA guidance such as the year end Final Accounts Bulletins. Members of the Audit Committee can be assured that the accounts were prepared so that all the requirements of the Code have been complied with.
- 1.3 For 2019/20 the requirements and timeline for the approval of a Local Authority's Statement of Accounts as set out in the Accounts and Audit Regulations 2015 have been revised. It was recognised by the Government that the COVID-19 pandemic would have an impact on the ability of Councils to comply with the statutory deadlines. Therefore, after consultation with key stakeholders, the Ministry of Housing, Communities and Local Government (MHCLG) introduced the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which have amended the Accounts and Audit Regulations 2015. The regulations implementing these measures were laid on 7 April and are came into force on 30 April 2020.
- 1.4 The impact on deadlines and timescales is as follows:
  - the publication date for final, audited, accounts was moved from 31 July for Category 1 Authorities and 30 September for Category 2 Authorities to 30 November 2020 for all Local Authority bodies (Bury Council is a Category 1 body).
  - To give Local Authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of June (for Category 1 Authorities) and July (for Category 2 Authorities) has been removed. Instead Local Authorities must commence the public inspection period on or before the first working day of September 2020.
- 1.5 This means that draft accounts must be available for public inspection by 31 August 2020 at the latest.
- 1.6 For this year 2019/20, Authorities must publish the dates of their public inspection period, providing a public notice on their websites when the public inspection period would usually commence, explaining why they are departing from normal practice for 2020. The Council has published such a notice.

- 1.7 The legislation requires that following the conclusion of a 30 day period of public inspection the Council must submit the Statement of Accounts for consideration and approval to Committee or by Members meeting as a whole. For Bury, the body designated to receive the accounts is the Audit Committee.
- 1.8 The Statement of Accounts have been prepared and are being finalised and it is anticipated that Bury's accounts will be made available for public inspection from 1 August for a period of 30 days. The accounts will be available on the Council's website and a notice to this effect will be published.
- 1.9 The external audit of the accounts is scheduled to start in early/mid-August. The exact date of the finalisation of the external audit work is not yet known and may require an additional Committee in order that these can be considered and approved.

## **2.0 ISSUES**

- 2.1 Bury will comply with the statutory requirements and make the Statement of Accounts available for public inspection within the revised timescales set in light of COVID-19. The outcome of the audit of the accounts will be reported to the Audit Committee. As the schedule of meetings for the year was set before the pandemic and the change in deadlines announced, there may be a need for an additional Audit Committee to be scheduled.
- 2.2 A number of concerns were raised by the external auditors and reported to the Audit Committee following the completion of the 2018/19 external audit. In response to this, the accounts closure process for 2019/20 has been revised by the council, standardised working practices have been adopted and there has been a significant focus on PPE which was identified as a key concern in the last financial year. In addition to this, the reporting format and layout of the accounts has been significantly overhauled and brought into line with best practice.

## **3.0 CONCLUSION**

- 3.1 The Council's Statement of accounts will be published within the statutory deadlines and further reports will be presented to the Committee once the outcome of the external audit is known.

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### **List of Background Papers:-**

### **Contact Details:-**

Lisa Kitto – Interim Deputy Chief Finance Officer