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Meeting	AUDIT AND GOVERNANCE COMMITTEE
Time/Day/Date	6.30 pm on Wednesday, 15 March 2023
Location	Board Room, Council Offices, Coalville
Officer to contact	Democratic Services (01530 454512)

AGENDA

Item		Pages
1.	APOLOGIES FOR ABSENCE	
2.	DECLARATION OF INTERESTS	
	Under the Code of Conduct members are reminded that in declaring interests you should make clear the nature of that interest and whether it is a disclosable pecuniary interest, registerable interest or other interest.	
3.	MINUTES	
	To confirm and sign the minutes of the meeting held on 25 January 2023	3 - 6
4.	COMMITTEE WORK PLAN	
	To note the Committee's work plan	7 - 8
5.	2020/21 AUDIT COMPLETION REPORT	
	Report of the Interim Head of Finance	9 - 20
6.	ANNUAL STATEMENT OF ACCOUNTS 2020/21	
	Report of the Interim Head of Finance	21 - 24

Circulation:

Councillor S Gillard (Chairman)
Councillor N Smith (Deputy Chairman)
Councillor E G C Allman
Councillor C C Benfield
Councillor J Clarke
Councillor M D Hay
Councillor R L Morris
Councillor V Richichi
Councillor S Sheahan
Councillor M B Wyatt

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 25 JANUARY 2023

Present: Councillor

Councillors E G C Allman, C C Benfield, J Clarke, M D Hay, R L Morris, V Richichi, S Sheahan and M B Wyatt

In Attendance: Councillors

Officers: Mr A Barton, Ms K Beavis, Mrs A Crouch, Mr G Hammons, K Hiller, Mr M Murphy, Mrs R Wallace, Miss E Warhurst and Ms K Woollett

External Audit:

68. APPOINTMENT OF CHAIR

In the absence of the Chair and Deputy Chair, the Head of Legal and Commercial Services opened the meeting and asked for nominations to Chair the meeting.

It was moved by Councillor J Clarke, seconded by Councillor E Allman and

RESOLVED THAT:

Councillor R Morris take the Chair for the remainder of the meeting.

69. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors S Gillard and N Smith.

70. DECLARATION OF INTERESTS

There were no declarations of interest.

71. MINUTES

Consideration was given to the minutes of the meeting held on 26 October 2022.

It was moved by Councillor J Clarke, seconded by Councillor E Allman and

RESOLVED THAT:

The minutes of the meeting held on 26 October 2022 be approved as a correct record.

72. COMMITTEE WORK PLAN

Consideration was given to the committee work plan.

Members were informed of the rescheduling of the Statement Accounts 2020/21, which were originally planned for this meeting, to a dedicated meeting for this item. It was noted that they would now be considered at an additional meeting scheduled for 15 March 2023, preceded by a member briefing on the 8 March 2023.

No further comments were received.

By affirmation the meeting it was

RESOLVED THAT:

The committee work plan be noted.

73. REVIEW OF THE COUNCIL'S CONSTITUTION

As a member of the Constitution Member Working Group, the Chair thanked officers for their hard work undertaking the review as it was not an easy task on such a lengthy procedural document. He now felt that the document was very much improved and much easier to navigate.

The Legal Team Manager presented the report to Members.

Several questions were asked about the draft document. These included a query regarding two differing references to the length of the term of office of the Leader and a query regarding the inclusion of amendments to footpaths in the terms of reference of Planning Committee. The Legal Team Manager agreed to look at these points, provide a response to Members outside of the meeting and make any necessary changes to the draft constitution in readiness for consideration by Council.

A discussion was had on the proposed amendment to the terms of reference of the Audit and Governance Committee. The amendment stated that members would not sit on both Audit and Governance Committee and Scrutiny Committee. Several members of Audit Committee queried why this amendment had been included as they did not feel there was a conflict of interest between the two roles and therefore were not in support of the proposed change. Members were advised that the amendment had been included following guidance published by the Chartered Institute of Public Finance and Accountancy (CIPFA) which recommended that members of the Cabinet and scrutiny committees, as the body that scrutinises Cabinet, should not be members of the Audit Committee. This was to ensure total independence from the decision-making structure of the authority. A concern was raised of the practicality issues this could bring for any political group that did not have enough members to ensure there was not an overlap on committee membership. The Head of Legal and Commercial Services advised that as the proposed changes would come into effect following the district elections in May the proposed changes would not affect the current committee membership. Following the District Elections in May 2023, appointments to Committee would be made in line with the rules on proportionality and this would be something discussed with group whips at that point. The Interim Head of Finance advised the new CIPFA Guidance should be adhered to. Officers agreed to provide a briefing note to members outside of the meeting with further information in relation to the reasoning behind it.

In response to a question, it was agreed to provide further information on Cabinet Support Members outside of the meeting.

It was moved by Councillor J Clarke, seconded by Councillor E Allman and

RESOLVED THAT:

- a) The work of the Working Group in respect of the proposed new constitution be noted.
- b) The new constitution as set out in appendix a, be recommended to Council at its meeting on 23 February for adoption with effect from 9 May 2023.

74. ANNUAL GOVERNANCE STATEMENT 2020/21

The Interim Head of Finance presented the report to Members.

No comments were received.

It was moved by Councillor S Sheahan, seconded by Councillor E Allman and

RESOLVED THAT:

The Annual Governance Statement 2020/21 be approved.

75. CORPORATE RISK UPDATE

The Strategic Director presented the report to Members.

The proposal by the Strategic Director to consider including the cost of living and inflation in the register as an individual risk rather than within other risk areas was supported by Members as they felt it was an important matter that affected many. This would be reflected in the next update.

A discussion was had on the progress of the carbon zero targets, during which the Strategic Director confirmed that information would be provided as part of the quarterly performance report considered by Corporate Scrutiny Committee in March. Further discussion was had on risk reference 15 – Social/Political/Reputational-Climate Change/Zero Carbon delivery, it was suggested that the inherent risk rating be reconsidered as it was felt the impact risk should be higher.

It was moved by Councillor R Morris, seconded by Councillor E Allman and

RESOLVED THAT:

That the report be noted.

At the conclusion of this item, Councillor M B Wyatt left the meeting.

76. INTERNAL AUDIT PROGRESS REPORT

The Audit Manager presented the report to Members.

No comments were received.

It was moved by Councillor J Clarke, seconded by Councillor V Richichi and

RESOLVED THAT:

The report be noted.

77. TREASURY MANAGEMENT ACTIVITY REPORT - QUARTER 3

The Finance Team Manager presented the report to Members.

In response to a question, the Finance Team Manager confirmed that the authority did not currently lend money to the NHS but advice would be sought from the treasury advisors as to whether this was a viable option.

It was moved by Councillor R Morris, seconded by Councillor E Allman and

RESOLVED THAT:

The report be noted.

78. STANDARDS AND ETHICS REPORT - QUARTER 3

The Head of Legal and Commercial Services presented the report to Members.

No comments were received.

It was moved by Councillor C Benfield, seconded by Councillor V Richichi and

RESOLVED THAT:

The report be approved.

Councillor M B Wyatt left the meeting at 7.00pm

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.07 pm

AUDIT AND GOVERNANCE COMMITTEE – WORK PROGRAMME (as at 07/03/23)

Issue	Report Author	Meeting at which will be reported
15 March 2023		
2020/21 Audit Completion Report	Glenn Hammons, Interim Head of Finance and Section 151 Officer	15 March 2023
Annual Statement of Accounts 2020/21	Glenn Hammons, Interim Head of Finance and Section 151 Officer	15 March 2023
26 April 2023		
Annual Auditors Report 2020/21	Glenn Hammons, Interim Head of Finance and Section 151 Officer	26 April 2023
External Audit Strategy Memorandum To consider the External Audit Strategy Memorandum.	Glenn Hammons, Interim Head of Finance and Section 151 Officer	26 April 2023
Assessment of Going Concern 2021/22	Glenn Hammons, Interim Head of Finance and Section 151 Officer	26 April 2023
Annual Statement of Accounts 2021/22	Glenn Hammons, Interim Head of Finance and Section 151 Officer	26 April 2023
Governance Statement 2021/22	Glenn Hammons, Interim Head of Finance and Section 151 Officer	26 April 2023
Annual Completion Report 2021/22	Glenn Hammons, Interim Head of Finance and Section 151 Officer	26 April 2023
Annual Auditors Report 2021/22	Glenn Hammons, Interim Head of Finance and Section 151 Officer	26 April 2023
External Audit Strategy Memorandum 2022/23	Glenn Hammons, Interim Head of Finance and Section 151 Officer	26 April 2023
Accounting Policies and Materiality 2022/23	Anna Crouch, Finance Team Manager & Deputy S151 Officer	26 April 2023

Issue	Details	Report Author	Meeting at which will be reported
Treasury Management Stewardship Report 2022/23		Anna Crouch, Finance Team Manager & Deputy S151 Officer	26 April 2023
Internal Audit Progress Report		Kerry Beavis, Audit Manager	26 April 2023
Standards and Ethics Report - Quarter 4		Elizabeth Warhurst, Head of Legal and Commercial Services	26 April 2023
Corporate Risk Update		Andy Barton, Strategic Director of Housing and Customer Services	26 April 2023
Draft Member Conduct Annual Report		Elizabeth Warhurst, Head of Legal and Commercial Services	26 April 2023

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 15
MARCH 2023

Title of Report	2020/21 AUDIT COMPLETION REPORT	
Presented by	Glenn Hammons Interim Head of Finance and Section 151 Officer	
Background Papers	External Audit Strategy Memorandum – Audit and Governance Committee 21 April 2021	Public Report: Yes
Purpose of Report	To consider the External Auditor's Report.	
Recommendations	THAT THE COMMITTEE: <ol style="list-style-type: none"> 1. NOTE THE EXTERNAL AUDITOR'S AUDIT COMPLETION REPORT AS SET OUT IN APPENDIX A. 2. APPROVE THE MANAGEMENT REPRESENTATION LETTER ATTACHED AT APPENDIX B. 	

1.0 BACKGROUND

- 1.1 At the time of writing this report, the audit of the 2020/21 Statement of Accounts has been substantially complete. Subject to concluding the audit, the council's external auditors, Mazars LLP, anticipate issuing an unqualified opinion on the Financial Statements, and concluding that the Council had proper arrangements in place to secure economy, efficiency and effectiveness.
- 1.2 Mazars' Audit Completion Report, set out in Appendix A, details the audit findings and conclusions. The report covers the issues arising from the annual audit of accounts and any matters which are formally required to be reported under the Code of Audit Practice and International Standard of Auditing (UK and Ireland) (ISA 260) "communication of audit matters with those charged with governance".
- 1.3 The Management Representation Letter is attached in Appendix B to this report. This letter is issued by the Council to the auditor in writing as part of audit evidence. Subject to approval by the committee, the letter will be signed by the Section 151 Officer and confirms that the Council has provided all relevant information to the auditors.
- 1.4 The external auditor will be present at the meeting to talk the committee through the report.
- 1.5 Finally, given the additional workload in auditing the accounts in relation to the valuation of property, plant and equipment, it is anticipated that fees paid for the

2020/21 external audit will be varied. At the time of writing this report, it is expected that this fee variation will be agreed after the completion of the audit.

Policies and other considerations, as appropriate	
Council Priorities:	Effective management of the council's finances underpins the delivery of all council priorities.
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	The Council's governance arrangements are a fundamental part of the Authority's management of risk and contribute towards good corporate governance.
Officer Contact	Glenn Hammons Interim Head of Finance and Section 151 Officer glenn.hammons@nwleicestershire.gov.uk

Appendix A

Audit Progress Report

North West Leicestershire District Council
– Year ended 31 March 2021

October 2021



Status of the audit

The detailed scope of our work as your appointed auditor for 2020/21 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

During the course of the audit we have had the full co-operation of management. The audit is again being carried out remotely. We continue to work with management to complete any remaining audit work and resolve audit queries and are grateful for the co-operation and support provided.

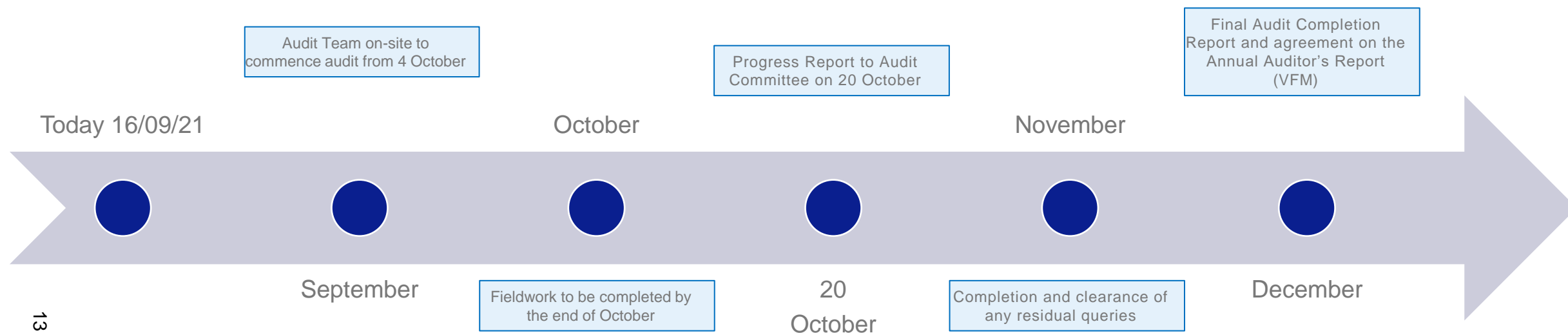
Significant audit risks

As part of our planning procedures, we considered the risks of material misstatement in the Council's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks.

No new risks have been identified since we issued our Audit Strategy Memorandum, with a reminder of those significant risks set out in the table below.

	Significant audit risks: description	Fraud	Error	Judgement
1	Management override of controls	●	-	-
2	This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur. Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.			
2	Net defined benefit liability valuation	-	●	●
	The defined benefit liability relating to the Local Government pension scheme represents a significant balance on the Council's balance sheet. The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.			
3	Valuation of land & buildings, council dwellings, investment properties (where material) and assets held for sale (where material)	-	●	●
	The Council's accounts contain material balances and disclosures relating to its holding of council dwellings and land & Buildings, with the majority required to be carried at valuation. The valuation of these assets is complex and is subject to a number of management assumptions and judgements. Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area.			
4	Covid-19 grant recognition	-	●	-
	Throughout 2020/21, the Government has provided substantial sums of financial support to local authorities. These grants are material and we have identified the completeness and accuracy of this income as an audit risk.			

Status of the audit



Timeline

Our audit is in line with our expected timeline as set out in the diagram above.

2020/21 New approach to assessing arrangements for Value for Money

In our Audit Strategy Memorandum, we explained the new approach to our assessment of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

We continue to review the Council's board papers and meet with management and review reports by regulators to inform our 2020/21 value for money risk assessment, this process is ongoing throughout the audit year. In addition,

Our evaluation is ongoing and to date, no significant weaknesses have been identified that need to be brought to the attention of Members.

Delay in the audit certificate

The issue of the Audit Certificate confirms that we have discharged all of our audit responsibilities and that the audit is formally 'closed'. The Audit Certificate would normally be published in our Auditor's Report on the Statement of Accounts. We expect to issue the audit report but delay the issue of the Audit Certificate until the following procedures are complete:

- Value for Money - We are yet to complete our work in respect of the Council's arrangements for the year ended 31 March 2021 and expect to report our findings in the 2020/21 Annual Auditors Report within 3 months of giving our audit opinion (Appendix A).
- Whole of Government Accounts - The National Audit Office has not yet issued its Group Instructions for local authority audits.

We will update the Audit Committee when more information is known.

Appendix A

Audit and Governance Committee
North West Leicestershire District Council
Council Offices
Whitwick Road
Coalville
LE67 3FJ

Dear Committee Members

Audit letter – Delay in issuing the Auditor’s Annual Report

The 2020 Code of Audit Practice requires us to issue our Auditor’s Annual Report, which includes our commentary on the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources (our VFM commentary) within 3 months of issuing our opinion on the financial statements, and before 30th September. Where this is not possible, we are required to write to you setting out the reasons for the delay in an ‘audit letter’. For the purposes of compliance with the Code of Audit Practice, this letter constitutes the ‘audit letter’.

As a result of the ongoing pandemic, the National Audit Office updated its guidance to auditors in April 2021 to allow auditors to delay the completion of their work on VFM arrangements. The revised guidance requires auditors to complete their work and issue their Auditor’s Annual Report no more than three months after the date of the date of the opinion on the financial statements.

In line with the National Audit Office guidance, we have not yet issued our Auditor’s Annual Report including our VFM commentary. We expect to publish the Auditor’s Annual Report in December 2021.

Yours sincerely



Mark Surridge

For and on behalf of Mazars LLP

Mark Surridge, Key Audit Partner

mark.surridge@mazars.co.uk

Mazars

2 Chamberlain Square
Birmingham
B3 3AX

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

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Management Representation Letter

Mazars LLP

Dear Sirs

North West Leicestershire District Council – audit for year ended 31 March 2021

This representation letter is provided in connection with your audit of the financial statements of North West Leicestershire District Council (the Council) for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Head of Finance that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at current or fair value, are reasonable.

I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded). Statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Head of Finance for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- All the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- All knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed to you in accordance with the requirements of the Code and applicable law.

I have disclosed the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. I have considered the impact of Covid-19 on the Council's Investment Properties. An impairment review is therefore not considered necessary.

Charges on assets

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements, and for which the Code and applicable law require adjustment or disclosure, have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Covid-19

We confirm that we have carried out an assessment of the on-going impact of the Covid-19 Virus pandemic on the Council, including the impact of mitigation measures and uncertainties, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

Brexit

We confirm that we have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the potential outcomes at the end of the Implementation Period, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

Going concern

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

I have updated our going concern assessment in light of the on-going Covid-19 pandemic. I continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative report

The disclosures within the Narrative Report fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements set out at Appendix A are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Glenn Hammons

Head of Finance

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 15
MARCH 2023

Title of Report	ANNUAL STATEMENT OF ACCOUNTS 2020/21	
Presented by	Glenn Hammons Interim Head of Finance and Section 151 Officer	
Background Papers	<p>Notice of Delay in Publishing the Audited Accounts – Council’s Website</p> <p>Statement of Accounts 2020-21 (Unaudited) – Council’s Website</p> <p>Statement of Accounts Update Report – Audit and Governance Committee 26 October 2022</p> <p>Statement of Accounts Update Report – Audit and Governance Committee 27 July 2022</p> <p>External Audit Update (verbal) – Audit and Governance Committee 19 January 2022</p> <p>External Audit Progress Report – Audit & Governance Committee 20 October 2021</p>	Public Report: Yes
Purpose of Report	For the committee to consider and approve the Statement of Accounts 2020/21.	
Recommendations	<p>THAT THE COMMITTEE:</p> <ol style="list-style-type: none"> 1. APPROVE THE ANNUAL STATEMENT OF ACCOUNTS 2020/21. 2. AUTHORISE THE CHAIR OF THE COMMITTEE TO SIGN THE STATEMENT OF ACCOUNTS 2020/21. 3. DELEGATES AUTHORITY TO THE COMMITTEE CHAIR AND THE SECTION 151 OFFICER TO APPROVE ANY MINOR NON-MATERIAL 	

	AMENDMENTS, AS AGREED WITH THE EXTERNAL AUDITORS, TO THE STATEMENT OF ACCOUNTS 2020/21 ON BEHALF OF THE COMMITTEE.
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1.0 BACKGROUND

- 1.1 The unaudited accounts were signed off by the previous Interim Head of Finance and Section 151 Officer on 30 July 2021 in line with statutory requirements. The committee is presented with the final audited version of the accounts for consideration and approval.
- 1.2 The Statement of Accounts should provide electors, those subject to locally levied taxes and charges, members of the authority, employees, other stakeholders and interested parties with clear and comparable information about the authority's finances.
- 1.3 The accounts of local authorities in the United Kingdom are required to be developed in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom ("the Code"). The Code must be followed to meet the requirements of the Accounts and Audit Regulations to 'present a true and fair view' of the financial position of the authority.
- 1.4 The Code is based on Internal Financing Reporting Standards (IFRS), amended as necessary in respect of legislation governing local authorities.
- 1.5 The Council has prepared the 2020/21 Statement of Accounts in line with the Code and therefore IFRS and its local accounting policies that were agreed by this committee at its April 2021 meeting.
- 1.6 The format of the accounts is effectively prescribed in the Code and is set out as follows:

Section of Statements	Purpose
Narrative	To provide the reader with an understanding of North West Leicestershire as a place, the council and its priorities, the wider economic background and the non-financial and financial performance of the council in 2019/20.
Statement of Responsibilities	Shows the responsibilities of the Council and Chief Financial Officer for these accounts.
Comprehensive Income & Expenditure Statement (CIES)	Presents the cost of each functions and how they were financed. This is a core statement.
Movement in Reserves Statement	Presents the movement in reserves during the year between usable and unusable reserves, and the actual change to the reserves after all adjustments. This is a core statement.
Balance Sheet	Presents all of the Council's assets and liabilities at the year end, both long and short term. This is a core statement.
Cash Flow Statement	Sets out the flow of cash into and out of the Council. This is a core statement.
Notes to the Financial Statements	These explain in more detail the makeup of the various amounts included in the core statements.

Section of Statements	Purpose
Accounting Policies	Technical explanation of main policies and assumptions used in preparing the accounts.
HRA (Housing Revenue Account) Income & Expenditure Account	This statement shows income and expenditure regarding Council dwellings.
Collection Fund	Sets out the transactions relating to the collection and distribution of Council Tax and National Non-Domestic Rates (NNDR), or Business Rates as they are more commonly known.
Special Expenses Accounts	Summarises spending in the special expense areas of the district with details of how this is paid for.
Auditor's Report	This is the report of the external auditors on the accounts for the year.

- 1.7 The Statements must comply with the Code so that comparisons can be made across different authorities and for this reason it is essential that authorities define individual costs in line with the Service Reporting Code of Practice (SERCOP). There should also be good notes and explanations to the accounts to aid understanding and, although by nature a technical document, the notes should be concise and understandable.
- 1.8 The main changes since the published draft accounts are:
- a) Valuation of Property, Plant and Equipment – further details in Section 2; and
 - b) Valuation of Pension Assets – further details in Section 3.
- 1.9 At the time of writing this report, the Statement of Accounts are still being finalised and will be issued as an addendum to this report prior to the meeting.

2.0 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

- 2.1 At reported previously to this committee, during the audit of the statement of accounts in August 2021, initial testing by the auditors (Mazars LLP) observed that the Council's internal records (floor plans) did not reconcile to the measurements used by the valuers.
- 2.2 It was agreed with the auditors that the Council would obtain measurements of all assets that are valued based on size (floor area, hectares) from an independent valuer. These updated measurements have been provided to the Council's valuers (Wilks, Head and Eve) and revised valuations have been received.
- 2.3 A full review of the Council's land and buildings (excluding Dwellings) was also undertaken and it was identified that three assets are no longer in the Council's ownership, nine assets that were missing and the Belvoir Shopping Centre Car Park had incorrectly been disposed of in full, when the car park had only been partially disposed of.
- 2.4 The impact on the balance sheet is an increase in Long Term Assets of £67k.
- 2.5 The final accounts presented include an adjusted position for the council's assets in line with revised valuations for the 2020/21 year.

3.0 VALUATION OF PENSION ASSETS

- 3.1 The Council has a pension liability on its balance sheet due to the scheme being in deficit. A pension scheme is in deficit if it does not have enough money to pay the pensions of the people who are entitled to receive one in the future (based on the level of future contributions and the performance of scheme assets).
- 3.2 The Council receives an annual 'IAS19' report that details an actuarial valuation of the pension scheme at the end of the financial year. The report for 2020/21 was received in May 2021 and was used to report the council's position in respect of pensions in the draft annual accounts.
- 3.3 A revised 'IAS19' was received in September 2021 which takes account of the most up to date fund investment figures as estimates were used in the original report. The impact on the balance sheet is a £2.3m reduction in the pension liability due to the revised valuations of the fund investments.
- 3.4 The final accounts presented include an adjusted position for the council's pension liability in line with actual performance for 2020/21 year.

4.0 MINOR CHANGES TO THE ACCOUNTS

- 4.1 There have also been some non-material amendments to the statements in relation to updating the outturn position to reflect the final position and correcting some typographical errors.

Policies and other considerations, as appropriate	
Council Priorities:	Effective management of the council's finances underpins the delivery of all council priorities.
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	The Council's governance arrangements are a fundamental part of the Authority's management of risk and contribute towards good corporate governance.
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