

# AUDIT COMMITTEE

## Statement of Accounts Update Report 24 November 2021

### Report of Chief Finance Officer

#### PURPOSE OF REPORT

This report seeks to provide Members with an update on the progress of the external audit of the Council's 2019/20 and 2020/21 Financial Statements.

**This report is public.**

#### RECOMMENDATIONS

**The Audit Committee is recommended**

- 1. To note the progress of the audit of the Statement of Accounts for the years ended 31st March 2020 and 31<sup>st</sup> March 2021.**

#### **1.0 INTRODUCTION**

- 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 timelines 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 across the public and private sectors giving greater transparency for stakeholders.
- 1.2** It is part of the terms of reference of this Committee that it will approve the Council's Statement of Accounts.

#### **2.0 STATEMENT OF ACCOUNTS 2019/20**

- 2.1** The External Auditors presented their Annual Governance Statement (AGS) to this Committee at its 21<sup>st</sup> July meeting detailing the matters arising during the 2019/20 audit. Whilst there remain some areas of the audit outstanding there are no further issues to report. Once the audit has been concluded management will provide a response to each of the issues raised which will be presented to this Committee alongside an updated Report to Those Charged with Governance setting out the conclusion of the audit..
- 2.2** External audit have responded directly to the 2 complaints who raised objections to the 2019/20 Statement of Accounts providing each with a statement of reasons for not issuing a Public Interest Report in respect of the matters raised as required by Schedule 7 to the Local Audit and Accountability Act 2014

### **3.0 STATEMENT OF ACCOUNTS 2020/21**

3.1 Although still at the early stages of the audit at the time of writing this report no significant issues have been raised by the External Auditor in relation to the 2020/21 Financial Statements.

#### **Objection to the 2020/21 Financial Statements**

3.2 As in previous years the External Auditor has received notification of a formal objections to items contained within the 2020/21 Financial Statements from electors.

3.3 The provisions of the Local Audit and Accountability Act 2014 and National Audit Office Code of Practice affords Local Government Electors, or their representatives an opportunity to make written objections to the External Auditor of an item(s) contain within the Council's accounts.

3.4 All objections raised with the External Auditor must be in writing and copied to the Council's s151 Officer and must state the facts on which the Elector relies, the grounds on which the objection is being made and particulars of

- i) any item of account which is alleged to be contrary to law; and
- ii) any matter in respect of which it is proposed that the auditor could make a public interest report

3.5 The process which the External Auditor must follow when considering objections and possible actions are set out within the National Audit Office's Audit Guidance Note 4 Auditors' Additional Powers and Duties (February 2018).

<https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2017/01/Auditor-Guidance-Note-04-Auditors-Additional-Powers-and-Duties.pdf>

3.7 Committee Members should be aware that the 2020/21 Audit Fee does not contain an amount for dealing with objections. Although it is hoped the initial review and consideration of the grounds of the objection will be quick, and so any costs will be relatively contained, should the auditor accept the objection the resulting cost of any additional investigation will be borne by the Council and may be significant.

### **4.0 OPTIONS AND OPTIONS ANALYSIS**

4.1 As the report is for noting no alternative options are put forward, but the Committee could make supplementary recommendations regarding any matters arising.

### **5.0 CONCLUSION**

5.1 Members should note the progress and matters arising to date.

<p><b>CONCLUSION OF IMPACT ASSESSMENT</b> <b>(including Health &amp; Safety, Equality &amp; Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):</b></p>
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<p>No implications directly arising.</p>
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## LEGAL IMPLICATIONS

S27 of the Local Audit and Accountability Act 2014 makes provision for an elector of the Council's area to make an objection to the local auditor in respect of the grounds set out at paragraph 3.4 of this Report. On receipt of an objection the local auditor must decide (a) whether to consider the objection, and (b) if the auditor does so, whether to take action within paragraph (a) and (b) of s27(1) in response.

In considering any objection, the auditor will need to have regard to the provisions of the 2014 Act and the code of audit practice applicable to the Council. The Local auditor must in carrying out functions under the 2014 Act, have regard to guidance issued by the Comptroller and Auditor General under paragraph 9 of Schedule 6 of the 2014 Act. This includes the Auditor Guidance Note 4.

An objector aggrieved by a decision of a local auditor not to consider the objection or not to apply for a declaration under s28 of the 2014 Act may within 6 weeks from notification of the decision require the auditor to provide written reasons for the decision and within 21 days from receipt of the written reasons may appeal against the decision to the court.

## FINANCIAL IMPLICATIONS

There are no financial implication flowing directly from this report. However, Member's should be aware of the potential for addition audit fees that may accrue because of the objection to the financial statements.

## OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces

No implications directly arising.

## SECTION 151 OFFICER'S COMMENTS

This report forms part of the Chief Finance Officer's responsibilities, under his role as s151 Officer.

## MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

## BACKGROUND PAPERS

27 August 2020 Draft Statement of Accounts  
[Agenda for Audit Committee on Thursday, 27th August 2020, 6.10 p.m. - Lancaster City Council](#)

25 November 2020 Statement of Accounts 2019-20 Update Report  
[Agenda for Audit Committee on Wednesday, 25th November 2020, 6.10 p.m. - Lancaster City Council](#)

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9 June 2021 Statement of Accounts 2019/20  
& 2020/21 Update  
[Agenda for Audit Committee on Wednesday,  
9th June 2021, 6.00 p.m. - Lancaster City  
Council](#)