

# AUDIT COMMITTEE

28 August 2020

## Draft Statement of Accounts 2019/20

### Report of Chief Finance Officer

#### PURPOSE OF REPORT

To provide details on the preparation of the Statement of Accounts for the year ended 31st March 2020.

**This report is public**

#### RECOMMENDATIONS

It is recommended that the Audit Committee:

- 1. Notes the details on the preparation of the Statement of Accounts for the year ended 31st March 2020 and that a further report to approve the audited statement of accounts be produced for the next meeting of the Committee.**

#### **1.0 Introduction**

- 1.1 It is part of the terms of reference of this Committee that it will approve the Council's Statement of Accounts.
- 1.2 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
- 1.3 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.
- 1.4 For 2019/20 the requirements and timeline for the approval of a Local Authority's Statement of Accounts have changed. Having considered the impact of the COVID-19 pandemic and in consultation with key stakeholders, the Ministry of Housing, Communities and Local Government (MHCLG) has introduced the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which have amended the Accounts and Audit Regulations 2015.
- 1.5 In accordance with the amended Regulations, the draft Accounts must now be published on the Council's website and submitted for audit by 31 August 2020 rather than 31 May 2020 and the timeline for the conclusion of the audit is now 30 November 2020 rather than 31 July 2020.

## **2.0 Current Position**

- 2.1 At the time of writing this report, the draft Statement of Accounts are being reviewed and verified and are on course to be produced by the due date. Once the accounts are finalised it is intended that they will be published on the Council's website by 28 August and a link sent to all Council Members, with paper copies being made available on request.
- 2.2 During September to November, our external auditors, Deloitte, should conduct an audit of the accounts. This period will also provide Members with the opportunity to scrutinise the accounts in detail and request any additional information or raise any issues.
- 2.3 Regulations require that our External Auditors report on their findings from the audit directly to Members before the end of November. This report should be presented to the next meeting of the Audit Committee, and at that time the Committee should be asked to approve the audited accounts.

## **3.0 Details of Consultation**

- 3.1 Consultation has taken place with the Council's External Auditors, Deloitte LLP.

## **4.0 Conclusion**

- 4.1 The Council will publish on its website its draft Statement of Accounts 2019/20 ahead of the required 31 August deadline. A further report to approve the audited Statement of Accounts be produced for the next meeting of the Committee.

## **5.0 Appendices**

- 5.1 To be presented to the Committee 28 August 2020.  
Appendix 1 – Draft Statement of Accounts 2019/20 (Subject to Audit)

<b>CONCLUSION OF IMPACT ASSESSMENT</b> <b>(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</b>
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Not Applicable

<b>FINANCIAL IMPLICATIONS</b>
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None directly arising from this report

<b>SECTION 151 OFFICER'S COMMENTS</b>
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The s151 Officer has authored this report

<b>LEGAL IMPLICATIONS</b>
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S21 (1) of the Local Government Finance Act 2003 (the Act) provides that the Secretary of State by regulation may make provision about accounting practices to be followed by a local authority. The Secretary of State may also, pursuant to subsection (1A) of the Act issue guidance about the accounting practices to be followed by a local authority. Lancaster City

Council, pursuant to s21 (1B) must have regard to any guidance issued under subsection (1A).

Pursuant to s 21 (2) of the Act, where legislation to which s21 of the Act applies references

'proper practices', in relation to local authority accounts, this means the accounting practices which the local authority is required to follow by virtue of an any enactment or which are contained in a code of practice or other document which is identified for the purposes of s21 by regulations made by the Secretary of State.

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom is a code of practice identified by regulations made by the Secretary of State (Regulation 31 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003).

This report and the Accounting policies referred to meet the Council's obligation to comply with the Code of Practice

**DEPUTY MONITORING OFFICER'S COMMENTS**

The Deputy Monitoring Officer has been consulted and has no comments to make on this report.

**BACKGROUND PAPERS**

**Contact Officer:** Paul Thompson (Chief Finance Officer)

**Telephone:** 01524 582603

**Email:** [pthompson@lancaster.gov.uk](mailto:pthompson@lancaster.gov.uk)

**Ref:**