SCARBOROUGH BOROUGH COUNCIL

Town Hall
Scarborough
YO11 2HG

Date 24 October 2022

To: Members of the Audit Committee

Dear Councillor

Audit Committee - Thursday, 27 October 2022

Please find attached the following report which was not available when the agenda was circulated:

6. Statement of Accounts 2021/22 (Pages 1 - 6)

To consider the report of the Director (NE), **REPORT ATTACHED.**

Yours sincerely

St John Harris

St John Harris
Democratic Services Manager

NOTES

SCARBOROUGH BOROUGH COUNCIL	**REPORT TO AUDIT COMMITTEE** **TO BE HELD ON** **27th October 2022**
	Corporate Aims: Better Council – An efficient, effective and financially sustainable Council

REPORT OF: DIRECTOR (NE) – 22/230

WARDS AFFECTED: All

SUBJECT: STATEMENT OF ACCOUNTS 2021/22

RECOMMENDATION (S):

It is recommended that the Audit Committee:

i. note the publication of the Council's 2021/22 Statement of Accounts on the Council's website following conclusion of this meeting, noting that these will still be 'subject to audit'; and

ii. note that the Council is still concluding discussions in relation to an objection received from a local elector regarding the 2015/16, 2016/17, 2017/18, 2018/19, 2019/20 and 2020/21 Statement of Accounts.

iii. delegate authority to Director (Nick Edwards) to update the published accounts with any adjustments required as a result of the objections (if any); and

iv. note the publication of the re-stated 2020/21 financial statements resulting from the decision to no longer implement changes to the accounting treatment for charging minimum revenue provision to the Council's General Fund as stated at the Cabinet meeting 14 September 2021.

v. note that subsequent Financial Outturn and Budget Monitoring reports will be presented to Members in Dec 2022.

REASON FOR RECOMMENDATION (S):

To keep Members informed of current progress.

HIGHLIGHTED RISKS:

The Council fails to undertake a compliant procurement process, leading to legal challenge and/or lack of competition.

1. INTRODUCTION

1.1 The Statement of Accounts give electors, local taxpayers, members of the Council, employees and other interested parties comprehensive information about the Council's finances.

1.2 The Accounts and Audit Regulations 2015 do not require the Council's draft accounts to be approved prior to their publication. Instead for the 2021/22 Financial Statements approval is required once the accounts have been audited and by 30 November 2022.

1.3 A copy of the 2021/22 Statement of Accounts will be published 28 October 2022.

1.4 In addition to the publication of the 2021/22 Statement of Accounts the Council's 2020/21 Statement of Accounts will also be republished. The republication of these Statements is a result of the decision not to implement changes to the accounting treatment for charging minimum revenue provision to the Council's General Fund.

2. CORPORATE AIMS

2.1 The report satisfies the corporate aim of being an efficient and effective Council.

3. BACKGROUND AND ISSUES

3.1 The Financial Statements are prepared on an International Financial Reporting Standard (IFRS) basis.

3.2 Previously (as from 2017/18) the timeline for publication of draft accounts had been brought forward to 31 May each year and the audited accounts by 31 July. Since that point there has been a reduction in the number of local government audit opinions delivered on time, with significant reductions from 2018/19 onwards. This downward trend accelerated during the COVID-19 pandemic, with only 45% of 2019/20 audits completed by the extended deadline of 30 November 2020 and, most recently, only 9% of 2020/21 audits completed by the extended deadline of 30 September 2021.

3.3 In response to the Redmond review the deadline for publishing audited local authority accounts was extended to 30 September from 31 July from 2020/21 for 2 years. It has subsequently been approved that the deadline for publishing 2021/22 audited accounts be further extended to 30 November 2022.

3.4 The Council was not able to publish the draft accounts by the 31 July deadline. This was due to other work pressures, including the work involved in preparing for the establishment of the new unitary North Yorkshire Council from 1 April 2023. As part of the recommendations of this report Members have been asked to note the publication of the accounts 28 October 2022 and the subsequent commencement of the statutory 30 day notice period for inspection.

3.5 There have been no major legislative changes to the accounts this year.

3.6 **Restatement of 2020/21 Accounts**.

Members of this Committee ref (21/130) were recommended to note the changes in accounting treatment for charging minimum revenue provision to the Council's General Fund. This change in the profile of the MRP charge to an annuity basis was reflected within the previously published 2020/21 Statement of Accounts.

3.7 Further notification was presented to Cabinet in September 2021 that the change would no longer be implemented and the published accounts would be amended accordingly and published on the website.

3.8 The republication of these statements will be presented on the Councils website in conjunction with the presentation of the 2021/22 Statement of Accounts.

4. CONSULTATION

4.1 Not Applicable

5. ASSESSMENT

5.1 The Financial Statements show that the Council has delivered its services under budget in the year and has maintained its reserves at a level that are deemed to be adequate. This is a significant achievement given the economic climate and high level of savings that the Council has made in recent years and demonstrates the strong financial management culture that is now embedded throughout the Authority.

5.2 A detailed report on the 2021/22 financial outturn together with a Q2 financial forecast for the 2022/23 financial year will be presented to Cabinet in December 22.

6. IMPLICATIONS

6.1 I have considered whether Staffing Implications, Planning Implications, Crime and Disorder Implications, Health and Safety implications, Environmental implications arise from this report and am satisfied that there is no identified implication that will arise from this report.

Nicholas Edwards

Nick Edwards
Director (Section 151 Officer)

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Appendix 1

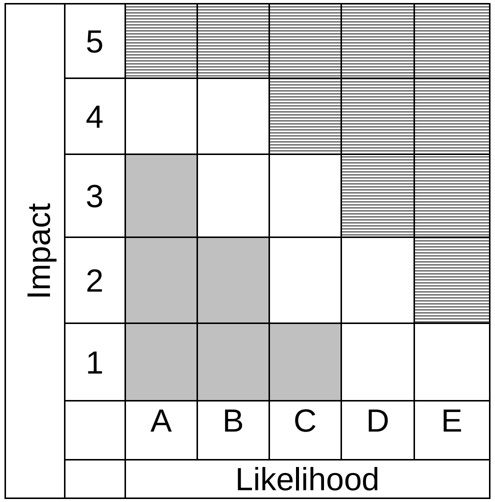
Risk Matrix

Risk Ref	Date	Risk	Consequences	Mitigation	Current Risk Score	Target Score	Head of Service/ Responsible Officer	Action Plan
1	September 2013	The Accounts include misstatements and or errors	Errors in the Accounts could lead to poor decisions being made by the Council.	Officers producing the accounts are professionally qualified The Accounts have been audited by Mazars	B3	B3	Dir (NE)	None
2	July 2019	Income derived from car parking in the vicinity of Whitby Harbour is deemed to be ringfenced for harbour activities and not part of the council's overall revenue budget	A transfer would be required from the Council's General Fund (Earmarked Reserves) to Whitby Harbour Reserves reducing the funds available to the Council to invest in corporate priorities	The Council has sought extensive legal advice and continues to be in dialogue with the external auditors.	B4	A4	Dir (NE)	Legal Advice has been obtained and discussions continue with the external auditors.

Glossary of Terms

Risk	An event which may prevent the Council achieving its objectives
Consequences	The outcome if the risk materialised
Mitigation	The processes and procedures that are in place to reduce the risk
Current Risk Score	The likelihood and impact score with the current mitigation measures in place
Target Risk Score	The likelihood and impact score that the Council is aiming to achieve
Service Unit Manager	The Service Unit or Officer responsible for managing the risk
Action Plan	The proposed actions to be implemented in order to reduce the risk to the target score

Risk Scoring



<u>Likelihood</u>:
A = Very Low
B = Not Likely
C = Likely
D = Very Likely
E = Almost Certain

<u>Impact</u>
1 = Low
2 = Minor
3 = Medium
4 = Major
5 = Disaster