

Audit Committee – 30 July 2021

Title of paper:	Draft Statement of Accounts 2020/21 and Draft Annual Governance Statement	
Director(s)/ Corporate Director(s):	Clive Heaphy Corporate Director Finance and Resources	Wards affected: All
Report author(s) and contact details:	Susan Risdall susan.risdall@nottinghamcity.gov.uk	
Other colleagues who have provided input:	Strategic Finance – Technical Team and Internal Audit Theresa Channell - Head of Strategic Finance and Deputy Section 151 Officer	
Recommendation(s):		
1	To note the progress on the draft 2020/21 Statement of Accounts and comment as appropriate.	
2	To note the draft 2020/21 Annual Governance Statement as set out in Appendix A	

1 Reasons for recommendations

- 1.1 Due to the Covid-19 pandemic the deadline for the publication of the accounts has been extended across the sector, with the draft accounts required to be published on the Council's website by 31 July 2021. The deadline for the completion of the external audit has also been moved to 30 September 2021.
- 1.2 This report provides the Audit Committee with an update on preparing and publishing the 2020/21 draft Statement of Accounts and the two principal outstanding issues that have prevented the draft statements from being finalised by 31 July. The Accounts will be published on the Council's website in accordance with the Accounts and Audit Regulations 2015, but will include a notice to explain the outstanding issues. These accounts will not be signed by the Council's S151 officer as they are incomplete.
- 1.3 Once these issues are resolved, the Statement of Accounts will be amended and republished. It is at this point that the Section 151 officer will sign the statements and Public Inspection period will commence.
- 1.4 This report also presents the Draft Annual Governance Statement (AGS) to accompany the draft accounts, the final AGS will be published with the City Council's Final Statement of Accounts.
- 1.5 Councillors are requested to consider the issues emerging and the implications for our governance arrangements in 2021/22.

2 Background

- 2.1 The conclusion of the 2019/20 audit has been delayed due to two issues which are now impacting on the completion of the 2020/21 Statement of Accounts. These issues and the actions being taken to resolve these are as follows:

Valuation of Specialist Assets:

There are 75 specialist assets which have not been valued for 2020/21. The Council no longer has the expertise to undertake this specialist work in house and this activity is now being externally resourced for the 2020/21 accounts and for all future audit cycles. Enhanced audit requirements have resulted in many organisations requiring an additional external resource to complete valuations which has created an increase in demand for this work, and the Council has been unable to resolve this issue in time for the deadline for the draft Statement.

Robin Hood Energy:

Following the strategic review of Robin Hood Energy the Council disposed of its interest in Robin Hood Energy. As part of this process the customer base has been sold and the Company entered administration on 5th January 2021. It was no longer under the control of the Council as at 31 March 2021.

Discussions are ongoing with Grant Thornton in respect of the presentation and disclosure within the Group Accounts which provides the necessary assurance to enable Grant Thornton to take a view within accounting standards.

- 2.2 Apart from these two items, the Statement is materially complete and will be published on the Council's website by the deadline of 31 July together with a notice to explain the outstanding issues. As noted in 1.2 above, the Council's S151 officer will not be signing these accounts as they are incomplete.

Annual Governance Statement

- 2.3 The AGS report covers the systems of governance and controls that were in place during the financial year 2020/21 up to the date on which the accounts are signed as well as identifying areas for improvement and actions to bring about that improvement.
- 2.4 Appendix A sets out the draft AGS to accompany the draft Statement of Accounts. The Audit Committee has the delegated authority for the formal approval of the AGS in accordance with the requirements of the Accounts and Audit Regulations 2015 (as amended).

3 Background papers other than published works or those disclosing exempt or confidential information

- 3.1 Grant Thornton External Audit Plan 2020/21

4 Published documents referred to in compiling this report

- 4.1 Code of Practice on Local Authority Accounting in the United Kingdom 2020/21
- 4.2 Guidance Notes for Practitioners 2020/21 Accounts
- 4.3 The Accounts and Audit Regulations 2015 (as amended)

- 4.4 CIPFA/SOLACE - Delivering Good Governance in Local Government Framework,2016
- 4.5 Executive Board 20 May 2008 Local Code of Corporate Governance
- 4.6 Audit Committee Papers July 2020 Revised Annual Governance Statement 2018/19
- 4.7 CIPFA - The Annual Governance Statement for 2019/20: Matters to consider as a result of the coronavirus pandemic (7 April 2020)
- 4.8 CIPFA - Bulletin 06 Application of the Good Governance Framework 2020/21 Feb2021
- 4.9 CIPFA - Clarification on compliance with Financial Management Code to reflect COVID pressures
- 4.10 CIPFA - Meeting the Principles of Good Governance - The Impact of the Covid-19 Pandemic