



Report of: Corporate Director Resources

Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	11 th November 2021		ALL

STATEMENT OF ACCOUNTS 2020-21 (INCLUDING PENSION FUND ACCOUNTS) AND AUDIT FINDINGS REPORT

1. SYNOPSIS

- 1.1 Islington is determined to achieve its vision of a “Fairer Islington”. Significant amongst these is the achievement of sound financial management and confidence in this Council’s financial future. This report sets out the Statement of Accounts for 2020-21. It demonstrates sound financial management and provides evidence to stakeholders that they should have confidence in the Council’s financial future.

2. RECOMMENDATIONS

- 2.1 To note the auditor’s Audit Findings Reports and Value for Money conclusion.
- 2.2 To note the action plans of recommendations in the Audit Findings Reports.
- 2.3 To approve the 2020-21 Statement of Accounts, Pension Fund Accounts and the accompanying Annual Governance Statement.
- 2.4 To approve the draft Letter of Representation to allow the Section 151 Officer and Chair of the Committee to sign on behalf of the organisation.

3. BACKGROUND

- 3.1 The purpose of this report is to report the outcome of the audit of the draft Statement of Accounts that were presented to the Auditors on the 15th July 2021 and the details of the Auditor's Audit Findings Report.
- 3.2 The Committee was required to approve the Statement of Accounts by 30 September 2021, including the accompanying Annual Governance. At the Audit Committee of the 5th October 2021, it was agreed to arrange an extra-ordinary Audit Committee to consider and approve the Statement of Accounts following an update from the External Auditor on the progress of the Audit.

4. STATEMENT OF ACCOUNTS 2020-21

- 4.1 The Council is required to prepare financial accounts covering the period from 1st April to 31st March, each year. These statements have to be presented in the required statutory format, following the *CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020-21 (the Code)*, which means that the financial information contained in the Statement of Accounts will be presented in a different way to how it is normally reported in financial monitoring reports.
- 4.2 As with the prior year, this year's submission deadlines have been severely affected following the Covid-19 pandemic. Additionally the challenging regulatory environment of Local Authority audits has caused a significant additional workload and delay to the process. It has been widely reported that over 90% of Local Authorities missed the September deadline for completion of the Audit.
- 4.3 Between the 2nd August and the 13th September the accounts and supporting documentation were made available for public inspection. The relevant statutory public notice was published on the Council's website. During this period the Auditors received an objection relating to the accounts. This will be dealt with by the Auditors in line with the correct process. The Auditors are satisfied this work does not have a material effect on the financial statements.
- 4.4 Overall the draft audit opinion states that the financial statements:
- Give a true and fair view of the financial position of the Authority as at 31 March 2021 and of its expenditure and income for the year then ended;
 - Have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and
 - Have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014
- 4.5 The Statement of Accounts is a very complex document. In order to aid understanding, a presentation will be made setting out the key elements and highlights from the accounts.

- 4.6 The Statement of Accounts (including Pension Fund) are expected to receive a clean final audit opinion from the Council's auditors. The Auditor identified 28 misstatements within the Council's accounts and 7 within the Pension Fund. None of those were material and a summary of the adjustments made to the accounts can be found in Appendix C to the Audit Findings Report.

5. AUDIT FINDINGS REPORT

- 5.1 The Auditor's draft Audit Findings Reports for the year ended 31 March 2021 is attached at Appendix A. This summarises the findings of the 2020-21 audit, which is substantially complete albeit with some queries remaining at the time of writing. The auditors have advised that the outstanding queries are not significant and should not be problematic.
- 5.2 The Auditor will attend the meeting of the Committee to present his findings and update the Committee on any matters that may have arisen since the publication of his report. The key elements of the report are summarised below.

Arrangements for securing Value for Money

- 5.3 Included at Appendix F of the Audit Findings Report is a letter to the Committee Chair from the Auditor in relation to the Value for Money arrangements. As a result of the ongoing pandemic and the impact on both preparers and auditors of accounts, the National Audit Office has updated its guidance to auditors to allow the postponement of completion of work on arrangements to secure value for money. The Auditor anticipates submission of the Auditor's Annual Report, including commentary on the value for money work, by the 31st December 2021.

Management Representation Letter

- 5.4 It is a requirement of the International Auditing Standards for the Auditors to request a letter from the Council that sets out various representations. Appendix B sets out a draft of the letter that will be signed by the Council's Statutory 151 Officer and Chair of the Audit Committee on behalf of the Council's management. If there is any material change to the letter prior to its signing and communication to the Auditor, this will then need to be reported to the Committee.

Adjusted Amendments

- 5.5 Appendix C to the Audit Findings Report confirms the immaterial adjustments made to the Statements. None of the required adjustments were material.

Recommendations

- 5.6 The auditor has made a number of recommendations to further improve system controls. The Council has accepted all of these and is in the process of compiling detailed management responses.

6. IMPLICATIONS

Financial Implications

- 6.1 These are contained within the body of the report.

Legal Implications

- 6.2 The Council must keep adequate accounting records and prepare an annual statement of accounts (3(3)) Local Audit and Accountability Act 2014). The Accounts and Audit Regulations 2015 (SI 2015/234) set out detailed requirements for the preparation, approval and publication of the statement of accounts.

Environmental Implications

- 6.3 There are no direct environmental implications.

Resident Impact Assessment

- 6.4 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.
- 6.5 A Resident Impact Assessment has not been carried out in this instance, since the production of the Statement of Accounts is a legal requirement.

7. CONCLUSION

- 7.1 The significant effort of all concerned in producing the statement of accounts and supporting the audit has been rewarded with an anticipated unmodified opinion. The Audit Committee can be confident that the Council is well positioned to continue to report its financial activities and address the recommendations made by the auditors.

Appendices

- A Audit Finding Reports 2020-21
- B Letter of Representation
- C Statement of Accounts 2020-21 including Pension Fund Accounts
- D Annual Governance Statement 2020-21

Background papers:

None

Signed by



Corporate Director Resources

Date 4th November 2021

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