

Audit, Risk and Governance Committee

Meeting to be held on Monday, 25 January 2021

Electoral Division affected: (All Divisions);
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Update on the External Audit of the Council's Statement of Accounts for 2019/20 and Accounting Policies for 2020/21

Annex 1 refers

Contact for further information:

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Executive Summary

External audit of the council's statement of accounts 2019/20.

At its meeting of 19 October 2020, the Audit, Risk and Governance Committee approved the council's statement of accounts for 2019/20. At that time, the council's external auditor, Grant Thornton, provided a provisional audit opinion to the committee.

The audit of the accounts has not yet been concluded due to capacity issues at Grant Thornton.

Accounting policies to be used in the preparation of the statement of accounts 2020/21

The accounting policies to be used in preparing the council's 2020/21 statement of accounts are set out in Appendix A.

There are no changes to the accounting policies for 2020/21.

Recommendation

The Audit, Risk and Governance Committee is asked to:

- (i) Note the position in relation to the external audit of the council's statement of accounts for 2019/20.
- (ii) Approve the accounting policies for 2020/21, as set out in Appendix A.

Background and Advice

External audit of the council's statement of accounts 2019/20.

At its meeting of 19 October 2020, the Audit, Risk and Governance Committee approved the council's statement of accounts for 2019/20. At that time, the council's external auditor, Grant Thornton, provided a provisional audit opinion to the committee.

The statutory deadline for publishing the audited accounts was 30 November 2020. On 27 November 2020 Grant Thornton advised the council that the audit would not be concluded by the deadline due to capacity issues within Grant Thornton. In line with the requirements of the Accounts and Audit Regulations 2015, the council published a notice on its website to this effect stating that the audited accounts would be published as soon as reasonably practicable after the receipt of the report from the auditor which contains the auditor's finalised findings from their audit.

The audit of the 2019/20 accounts has not yet been concluded.

Accounting policies to be used in the preparation of the statement of accounts 2020/21

The Chief Finance Officer is responsible for the preparation of the council's statement of accounts in accordance with proper accounting practices, for each financial year ending 31 March. These regulations primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom supported by International Financial Reporting Standards (IFRS).

In preparing the statement of accounts, the Chief Finance Officer is responsible for selecting suitable accounting policies and ensuring that they are applied consistently. Accounting policies are the specific principles, conventions, rules and practices applied in preparing and presenting the financial statements and set out how transactions are recognised, presented and measured in the accounts.

The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Local Authority Accounting Code Board has agreed to defer the implementation of IFRS 16 Leases until the 2022/23 financial year. This aligns with the decision at the Government's Financial Reporting Advisory Board to establish a new effective date of 1 April 2022 for the implementation of IFRS 16.

CIPFA/LASAAC has taken this decision in response to pressures on council finance teams as a result of the COVID-19 pandemic.

The accounting policies to be used in preparing the council's 2020/21 statement of accounts are set out in Appendix A. There are no changes to the accounting policies for 2020/21 compared to the previous year.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

Failure to complete the statement of accounts in line with the Chartered Institute of Public Finance and Accountancy Code of Practice may result in an adverse opinion from the council's external auditors.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A