

Meeting: **Audit Committee**

Portfolio Area: Resources

Date: **27 March 2023**

2019/20 STATEMENT OF ACCOUNTS UPDATE

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1 PURPOSE

- 1.1 To update the Audit Committee of changes to the 2019/20 Statement of Accounts (SoA) since they were reported to this Committee on 28 February 2022 and to confirm that no changes have been made that are material in nature. The changes below have been approved by the Chief Finance Officer (CFO) in accordance with the delegation approved at that meeting.

2 RECOMMENDATIONS

- 2.1 That the Audit Committee note the changes to the final 2019/20 Statement of Accounts.

3 BACKGROUND

- 3.1 This report is presented to the Audit Committee in its capacity as the body charged with Governance.
- 3.2 The General Fund and the Housing Revenue Account outturn position were presented to the Audit Committee / Statement of Accounts Committee on 28 February 2022. The General Fund year end balances were reported as £7.063Million and the HRA £19.819Million and there is no change to these balances.
- 3.3 Statutory Instrument 2022 No 1232 that came into force on 25 December 2022 and amended The Local Authorities (Capital Finance and Accounting) (England) Regulations 2022 features a temporary relief not to report gross cost and accumulated depreciation for infrastructure assets. The Council has chosen not to disclose this information and has updated the 2019/20 SoA in accordance with CIPFA Bulletin 12 (Jan 2023), Accounting for Infrastructure Assets - Temporary Solution.

This change impacts the disclosures relating to Property, Plant and Equipment (PPE) only and does not change the balance sheet.

4 REASONS FOR RECOMMENDED COURSE OF ACTIONS AND OTHER OPTIONS

4.1 Changes to the 1920 Statement of Accounts

4.1.1 Infrastructure Assets – as detailed above, changes to the disclosures relating to these assets can be seen in:

- Note 13, a separate table has been included showing the Net Book Value movement of infrastructure assets during the year. This asset group has been removed from the main PPE table and a reconciliation between the PPE note and the Balance Sheet included at the bottom of the table.
- Additional explanations and clarifications have been added to the PPE disclosure narrative (Note 13) and to Note 3 - Critical judgements in applying Accounting Policies, to further explain the impact of this change.

4.1.2 A revised actuarial report received by the Council in April 2022, corrected the council's **Pension Liability** as at 31st March 2020, by excluding liabilities relating to Hertfordshire Building Control Ltd that had been included in the original report in error. The Pension Liability reduced by £612k to £38,801k and the equivalent unusable Pension Reserve was also reduced by an equivalent amount. This has resulted in:

- The Other Comprehensive Income and Expenditure, which is part of the Comprehensive Income and Expenditure Statement has been updated for this reduced liability (p44 in the SoA). The Unusable Reserves Note 9 and the Pensions Note 26 have been updated. There is no impact on useable reserves as a result of this change.

4.1.3 The **Going Concern** Note 32 has been revised to reflect the Council's current financial stability, which has also enabled a reduction in the amount of the information disclosed.

5 IMPLICATIONS

5.1 Financial Implications

5.1.2 The updated Accounts for 2019/20 are financial in nature. As this document is finance related, the financial implications are contained therein. The changes made to the 2019/20 Statement of Accounts had no impact on the Council General Fund balances

5.2 Legal Implications

5.2.1 The requirement under the Accounts and Audit Regulations England (2015) previously required to publish draft accounts by 31 May following the year end, the Council's 2019/20 draft accounts were published on 30 July 2020. The external audit of the draft accounts was delayed by Ernst Young (EY) LLP due to EY's resourcing pressures, exacerbated by COVID, together with internal Finance Team resourcing issues. This situation is allowed for by Regulation 10, paragraph (2a) of the Accounts and Audit Regulations 2015. As such the Council was unable to publish its audited accounts by the end of July. The Audit and Statement of

Accounts Committees has had to be rescheduled a number of times. This situation is allowed for by Regulation 10, paragraph (2a) of the Accounts and Audit Regulations 2015

BACKGROUND PAPERS

2019/20 Statement of accounts and External Audit Report - Audit Committee/Statement of Accounts Committee 28 February

APPENDICES

Appendix 1 – Statement of Accounts 2019/20