

Report to:	AUDIT PANEL
Date:	9 November 2021
Executive Member/ Reporting Officer:	Cllr Ryan – Finance and Economic Growth Kathy Roe – Director of Finance
Subject:	STATEMENT OF ACCOUNTS 2020/21
Report Summary:	This report presents the Statement of Accounts for Tameside MBC and the Greater Manchester Pension Fund for the year ended 31 March 2021.
Recommendations:	<p>Audit Panel are asked to:</p> <ol style="list-style-type: none"> 1. Note the findings of external audit reported in the previous agenda Item and summarised in section 3 below; 2. Approve the Statement of Accounts for 2020/21, subject to the conclusion of the external audit; and 3. Approve delegated authority to the Director of Finance to agree any further amendments to the financial statements arising from the conclusion of the external audit work on PPE. In the unlikely event of any substantive amendments to the primary statements, these will be discussed with the Chair of Audit Panel prior to the signing and publication of the final audited Statement of Accounts.
Corporate Plan:	The Corporate Plan helps to determine the priorities for spending, which is summarised in the 2020/21 accounts.
Policy Implications:	There are no direct policy implications flowing from the Statement of Accounts.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	<p>The Statement of Accounts 2020/21 provide full details of the Council's financial position at 31 March 2021 and its income and expenditure for the year there ended. The accounts are prepared in accordance with the CIPFA Code of Practice for Local Authority Accounting which is based on International Financial Reporting Standards.</p> <p>The Council was required to prepare draft financial statements by 31 July 2021. These draft financial statements have been subject to external audit and must be approved by the Audit Panel before the external auditor can issue the opinion.</p>
Legal Implications: (Authorised by the Borough Solicitor)	<p>The <u>Local Audit and Accountability Act 2014</u> (the Act) governs the work of auditors appointed to authorities and other local public bodies. The Act, the <u>Accounts and Audit Regulations 2015</u> and the <u>Local Audit (Public Access to Documents) Act 2017</u> also cover the duties, responsibilities and rights of local authorities, other organisations and the public concerning the accounts being audited. Non compliance with these provisions could lead to the issue of an advisory notice by the External Auditor, with the ultimate sanction of judicial review, as only a</p>

court can ultimately decide whether a local authority's decision, or failure to decide something it should have, is unlawful.

Risk Management:

The audit provides external verification of the Council's financial statements.

By producing the annual Statement of Accounts, the Council aims to give all interested parties confidence that the public money that has been received and spent, has been properly accounted for and that the financial standing of the Council is secure.

Access to Information:

The report is to be considered in public.

Background Information:

The background papers relating to this report can be inspected by contacting Heather Green, Finance Business Partner.



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1. BACKGROUND

- 1.1 It is necessary to consider the Audit Completion report of the Council's external auditor (Mazars) regarding the Statement of Accounts before approving the audited accounts. The Audit Completion report for the Council and the Greater Manchester Pension Fund, which is administered by the Council, have been considered earlier on this agenda (Item 4) and the adjustments highlighted as part of the audit have been included in the report.

2. INTRODUCTION

- 2.1 The current legislation enables the draft Statement of Accounts to be certified by the Director of Finance (Section 151 Officer) and this was completed on 28 July 2021. External Audit commenced their work in July 2021 and expect to issue their opinion in the coming weeks, pending clearance of outstanding queries with the Council's external valuers.
- 2.2 The Statement of Accounts 2020/21 provide full details of the Council's financial position at 31 March 2021 and its income and expenditure for the year there ended. The accounts are prepared in accordance with the CIPFA Code of Practice for Local Authority Accounting, which is based on International Financial Reporting Standards. The full financial statements, including the statements for the Greater Manchester Pension Fund, are included in **Appendix 1**.

3. MATTERS ARISING FROM THE AUDIT

- 3.1 There is one amendment to the Financial Statements which results in a change to the Council reserve levels. Due to a change in accounting regulations with effect from 1 April 2020, the Dedicated Schools Grant (DSG) reserve is no longer held as part of the Council's usable reserves, but is instead reflected as an 'unusable' reserve. This change in accounting was not reflected in the draft accounts published in July 2021. The DSG reserve is a deficit balance of £1.686m and therefore the movement of the balance from useable to unusable reserves has the effect of increasing the Council's overall useable reserves by the same amount.
- 3.2 A number of presentational amendments have been made to the Statement of Accounts to improve disclosure, and correct some internal inconsistency. No changes have been required that fundamentally alter any assessment of the Council's financial position at 31 March 2021 or its income and expenditure for the year then ended. No issues have been identified, which cast fundamental doubt on the overall adequacy of the financial records and the accounts maintained by the Council. The presentational adjustments recommended by external audit have also helped to improve the overall quality of the accounts and have not impacted on the financial position reported.
- 3.3 Section 5 of the Audit Completion report includes a number of internal control recommendations for the Council (4 recommendations) and GMPF (2 recommendations). Management responses to these recommendations are reflected within the Audit Completion Report. Actions are already underway to address the high and medium priority recommendations.
- 3.4 Section 6 of the Audit Completion report identifies one 'unadjusted misstatement' in respect of debtor balances. Total debtor balances reflected in the balance sheet are £57.9m. External Audit have identified one incorrect credit note with a value of £1k within this debtor balance and then extrapolated to a potential error based on the untested balance. We have chosen not to adjust this error on the grounds that the total actual error of just £1k is not material to the total debtor balance, and we do not believe that the error is representative of the untested balance.

4. APPROVAL OF THE AUDITED STATEMENTS

- 4.1 The Audit Panel is asked to approve the Statement of Accounts attached at **Appendix 1**, which includes the amendments agreed with external audit.
- 4.2 The external audit of the Statement of Accounts is substantially complete but subject to final review and completion procedures by External Audit. There are queries outstanding with the Council's external valuers which mean that External Audit are not yet able to conclude their work on Property, Plant and Equipment (PPE).
- 4.3 The Audit Panel is also asked to approve delegated authority to the Director of Finance to make any further disclosure amendments recommended by External Audit as part of the conclusion of their audit. In the unlikely event of any substantive amendments to the primary statements, these will be discussed with the Chair of Audit Panel prior to the signing and publication of the final audited Statement of Accounts.

5. RECOMMENDATIONS

- 5.1 As set out at the front of the report.