

## Slough Borough Council

Information needed	Details
Report To:	Audit and Corporate Governance Committee
Date:	10 <sup>th</sup> December 2024
Subject:	Final Statements of Accounts for 2019/20 and 2020/21
Chief Officer:	Annabel Scholes – Executive Director of Finance and Commercial
Contact Officer:	Chris Holme – Finance Director – Corporate and Strategic
Ward(s):	N/A
Exempt:	NO
Appendices:	Appendix 1 Final Statement of Accounts 2019/20 Appendix 2 Final Statement of Accounts 2020/21 Appendix 3 – Letters of Representation 2019/20 and 2020/21

### 1. Summary and Recommendations

- 1.1 In accordance with regulation 9A of the Accounts and Audit Regulations 2015 (as amended), final accounts for financial years 2019/20 and 2020/21 are presented to Audit and Corporate Governance Committee for approval. They are attached as Appendices 1 and 2 to this report.
- 1.2 This means audited accounts will be published for these years within the backlog accounts deadline date of the 13<sup>th</sup> December, as required by the above Regulations.

#### Recommendations:

Audit and Corporate Governance Committee is recommended to:

- a) Approve the Final Statement of Accounts for 2019/20 as set out in Appendix 1
- b) Approve the Final Statement of Accounts for 2020/21 as set out in Appendix 2
- c) Approve the Letters of Representation for the 2 years.

#### Commissioner Review

Commissioners are content for this report to be considered.

### 2. Report

#### Introductory paragraph

- 2.1 The Accounts and Audit Regulations 2015 were amended to provide dates for accountability statements to be published, following approval of the statement of accounts. For all years up to 2022/23, this required approval and publication by 13 December 2024. The accountability statement is defined as the statement of accounts together with the local auditor opinion and certificate, the annual governance statement and the narrative statement. Officers have continued to work to a very challenging timetable to prepare, publish for public inspection and

have audited four separate Statements of Accounts (2019/20 to 2022/23), and must also complete the 2023/24 accounts within a timetable that facilitates a full audit to be undertaken by the end of February 2025. It should be noted that audited accounts for 2021/22 and 2022/23 will not be published in time for the statutory 30-working day public inspection period to conclude and so finalisation of audited accounts will need to follow conclusion of the public inspection period. The legal implications section confirms the requirements where an authority is unable to meet the statutory deadlines.

- 2.2 Notwithstanding the above, significant progress has been made in achieving the challenging timelines, particularly for Slough BC, given the well documented issues regarding the adequacy of accounting records, the final 2019/20 and 2020/21 Statement of Accounts are now presented for approval. Additionally the audited 2018/19 accounts are now published on the Council's website.

### **Options considered**

Under the Council's constitutional arrangements, final accounts must be presented to the Audit and Corporate Governance Committee for approval. No other option has been considered.

### **3. Report**

- 3.1 The Secretary of State, issued Accounts and Audit (Amendment) Regulations 2024 which amended the 2015 Regulations. This sets out the requirements for publication of statement of accounts, annual governance statement and narrative statement for local authorities - financial years 2015-2027. All Statements of Accounts up to and including 2022/23, must be completed and audited by 13<sup>th</sup> December 2024 and all statements of accounts for future years have amended statutory deadlines to assist the sector to get its statements of accounts audited and published in line with previous statutory requirements.
- 3.2 Timely and high-quality financial reporting and audit of local authorities is vital. Not only does it support good decision making by those authorities, by enabling them to plan effectively, make informed decisions and manage their services - it ensures transparency and accountability to local taxpayers. Whilst the majority of local authorities have experienced significant backlogs in the publication of audited accounts, the position in Slough has been compounded by a legacy of inadequate record keeping and lack of progress in historic accounts preparation.
- 3.3 The 2018/19 final audited Statement of Accounts have now been published.
- 3.4 The final 2019/20 and 2020/21 Statements of Accounts are attached as Appendices 1 and 2 respectively to this report. They comprise of the following key accounting statements:
- Comprehensive Income and Expenditure Statement – this shows the net cost for the year of providing services which are funded from taxation (both local and non-specific national grant)
  - Movement in Reserves Statement – this shows the movement in the year on the different reserves, both useable and unusable, held by the Authority
  - Balance Sheet – this shows the value as at the 31st March 2020, and 31<sup>st</sup> March 2021 of the assets and liabilities recognised by the Authority. The

net assets of the Authority are matched by the reserves held by the Authority

- Cash Flow Statement – this shows the changes in cash and cash equivalents of the Authority during the financial year

- 3.5 Draft accounts for 2019/20 were published for public inspection in May 2024, and presented to this Committee. There are no material changes to those draft accounts.
- 3.6 Draft accounts for 2020/21 were published for public inspection in July 2024. There is one material change to those accounts. That relates to minimum revenue provision, where the timing of a charge has moved the cost into 2020/21. The adjustment was reported to cabinet as part of the 2023/24 outturn report where changes as part of the balance sheet review were shared. The increased MRP charge in 2020/21 is £11m.
- 3.7 The Chair of Audit and Corporate Governance Committee and the S151 Officer are required to sign letters of representation to the auditors, provided in connection with the audit of financial statements for the respective financial years. It should be noted that neither post holders were in post during the financial years in question and accounting transactions processed during that accounting period were processed by a previous finance team.

#### 5.1 *Financial implications*

- 5.1.1 There are no specific financial implications arising from this report. However, finalisation of the historic backlog of accounts will determine the level and impact of prior year liabilities which could significantly impact on future financial sustainability of the Council.
- 5.1.2 Costs of external audit fees for the years 2019/20 to 2022/23 are factored into the 2024/25 budget.

#### 5.2 *Legal implications*

- 5.2.1 Regulation 9A was inserted into the 2015 Regulations to provide that, for the financial years 2015/16 to 2022/23, the deadline to publish the final accounts and statements is 13th December 2024. Deadlines for publication are also provided for the financial years 2023/24 to 2027/28. The published statement of accounts must have been approved by the Category 1 authority in accordance with regulation 9(2) of the 2015 Regulations and include the opinion and any certificate from the local auditor in accordance with section 20(2) of the Act.
- 5.2.2 Where a Category 1 authority is unable to comply with the publication deadlines, for instance where the public inspection period has not been completed, meaning the accounts cannot be audited, regulation 9(5) and (6) apply. These state that if the auditor is considering an objection, declaring an item of account unlawful, considering whether to make an application to court or an application has been made and has not been determined (including at appeal) or the auditor is not satisfied that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, the authority must publish a notice stating that it has not been able to publish its accountability statements and its reasons for this and publish its accountability statements as soon as reasonably practicable. If these matters do not apply, the authority must publish a notice

stating it has failed to publish its accountability statements, its reasons for this and that it acknowledges that it must publish its accountability statements as soon as reasonably practicable. It must also send a copy of this notice to the Secretary of State and publish its accountability statements as soon as reasonably practicable.

### **5.3** *Risk management implications*

5.3.1 Failure to publish the Statement of Accounts on time has significant reputational risks for the Council. A dedicated project team was put in place for completion of the 2019/20 to 2022/23, and that team will provide continuity for completion of the 2023/24 accounts.

5.3.2 There are inherent financial risks for financial sustainability arising from potential liabilities not recognised without adequate prior year's audited accounts.

### **5.4** *Environmental implications*

5.4.1 There are no specific environmental implications of the recommendations.

### **5.5** *Equality implications*

5.5.1 There are no specific equalities and inclusion implications of the recommendations.

### **5.6** *Procurement implications*

5.6.1 There are no specific procurement implications arising from the recommendation, however any further additional external support required for completion of the backlog accounts process will be commissioned in accordance with the Council's Contact Procedure rules. Any exception to the latter should only be for emergency requirements, following review by officers through the Expenditure Control Board, and will be reported to the following Audit and Governance Committee.

### **5.7** *Workforce implications*

5.7.1 This project continues to be a very intensive programme of works, and will continue into the new calendar year as we strive to meet the revised statutory deadline of 28<sup>th</sup> February for completion of audited 2023/24 Statement of Accounts. The backlog audit work programme has had to be undertaken in conjunction with the normal business activities of the Council. A dedicated project team within Finance has been set up which has required some limited temporary backfilling and support from other key areas across the Council with a risk of additional pressures. Where any additional external resources are engaged it is vital that the appropriate level of internal capacity building is included within the contractual arrangement. From a duty of care perspective, it is essential that adequate resources are identified to fulfil essential requirements.

## **6. Background Papers**

None