

BIRMINGHAM CITY COUNCIL**PUBLIC REPORT**

Report to:	AUDIT COMMITTEE
Report of:	Director of Council Management
Date of Decision:	28 March 2023
Subject:	APPROVAL OF STATEMENT OF ACCOUNTS 2020/21 & 2021/22
Wards affected: All	
1	Purpose
1.1	To brief the Committee on the legislative requirements for the approval and publication of the audited Statement of Accounts 2020/21 & 2021/22 and seek its approval to the Statement of Accounts for the years 2020/21 and 2021/22. This item follows the report of the external auditors on their findings from their audit work of the above-mentioned Statements of Accounts.
1.2	The statutory requirements for local authority accounting are set out in the Local Audit and Accountability Act 2014, supported by the Accounts and Audit Regulations 2015 (SI 2015 No 234) or 'the 2015 Regulations'.
1.3	As a result of the Covid pandemic the Accounts and Audit (Amendment) Regulations 2021 (SI 2021 No 263) have amended the 2015 Regulations for the 2020/21 and 2021/22 financial year, deferring publication dates and making other consequential changes.
2	Decisions recommended:
	Members are recommended to:
2.1	Note the Audit Findings Report from Grant Thornton and accept the recommendations of that report;
2.2	Approve the Letter of Representation for the year ending 31 March 2021 from the Chief Finance Officer;
2.3	Approve the Letter of Representation for the year ending 31 March 2022 from the Chief Finance Officer;
2.4	Approve the Statement of Accounts for 2020/21 subject to external audit clearance of any outstanding issues and any resultant changes.
2.5	Approve the Statement of Accounts for 2021/22 subject to external audit clearance of any outstanding issues and any resultant changes.

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3 Compliance Issues:

- 3.1 Are Decisions consistent with relevant Council Policies, Plans or Strategies?
The publication of the Statement of Accounts is a legislative and statutory requirement.
- 3.2 Relevant Ward and other Members/Officers etc. consulted on this matter:
The Chair of the Committee has been consulted.
- 3.3 Relevant legal powers, personnel, equalities and other relevant implications (if any):
The statutory requirements for local authority accounting are set out in the Local Audit and Accountability Act 2014, supported by the Accounts and Audit Regulations 2015 (SI 2015 No 234, amended by SI 2021 No 263) or 'the 2015 Regulations'.
- 3.4 Will decisions be carried out within existing finances and resources?
Yes
- 3.5 Main Risk Management and Equality Impact Assessment Issues (if any):
None.

4 Approval of the Statement of Accounts

- 4.1 Regulation 9(2) requires Members to approve the audited Statement of Accounts that is to be published, either by meeting as a whole or through a committee. At Birmingham City Council this is the Audit Committee. Specifically, members have a duty to:
- consider the Statement of Accounts;
 - approve the Statement by a resolution; and
 - ensure that the Statement is signed and dated by a person presiding at the meeting
- 4.2 Audit Committee received a briefing on the unaudited Statement of Accounts 2020/21 in June and July 2021, whilst the unaudited Statement of Accounts were presented in September and November 2022.
- 4.3 The unaudited Statement of Accounts 2020/21 have had a number of changes, and these are listed in the Audit Findings Report 2020/21 on pages 42-44. None of these changes affected the available resources to the Council reported in the unaudited Statement of Accounts. The main changes relate to the reclassification of a grant from principal to agency arrangement, adjustment for the error identified in the Pension Funds accounts and a number of minor Property, Plant & Equipment adjustments.
- 4.4 The external auditors have made a number of recommendations on pages 35-37 which the Council has provided Management responses to

- 4.5 There are a number of items the external auditors have identified which the Council has chosen not to adjust for as they are considered either immaterial to the Statement of Accounts or cannot be calculated with any degree of accuracy. These are listed on pages 45-48 of the Audit Findings Report.
- 4.6 The unaudited Statement of Accounts 2021/22 have also had a number of changes, and these are listed in the Audit Findings Report 2021/22 on pages 42-43. None of these changes affected the available resources to the Council reported in the unaudited Statement of Accounts. The adjustments relate to a reclassification between Debtors and Creditors, a change in the Pension Fund net liability due to better valuation information since the year end and a minor change to Infrastructure depreciation as a result of revised Useful Economic Lives.
- 4.7 The external auditors have made a number of recommendations on pages 34-35 to which the Council has provided Management responses.
- 4.8 The latest Statement of Accounts are attached. They reflect the changes made as a result of the Audit Finding Reports and will be reviewed by the External Auditors at the end of their audit work.
- 4.9 There are a number of items the external auditors have identified which the Council has chosen not to adjust for as they are considered either immaterial to the Statement of Accounts or cannot be calculated with any degree of accuracy. These are listed on pages 47-50 of the Audit Findings Report 2021/22.
- 4.10 At the time of writing there are a small number of items outstanding for the Auditors to complete. These may result in further adjustments to the Statements of Account. If these are significant these will be reported back to the Committee.
- 4.11 Regulation 6(4) requires that members approve the Annual Governance Statement at some time before they approve the Statement of Accounts. The attached 2020/21 and 2021/22 Annual Governance Statements have been approved by this Committee on 29 June 2021 and 28 September 2022. These have now been audited and also updated for relevant subsequent events since they were written.
- 4.12 Under regulation 9(3) the Responsible Financial Officer must re-confirm their view that the Statement of Accounts presents a true and fair view before it is given member approval. The Director of Council Management has re-confirmed that the Statement of Accounts 2020/21 and 2021/22 present a true and fair view of the Council's financial position.
- 4.13 A Letter of Representation is required to be sent to the external auditor by the Director of Council Management, in their role as Section 151 Officer. This advises the auditor of any material matters which have occurred since the

draft Statement of Accounts was signed and which might impact on the accounts and the audit. The letter is attached as Appendix 2 & 4.

5 Post Audit

- 5.1 After Members have approved the Statement of Accounts, regulation 10 sets out the requirements for publication, which requires publication of the Statement of Accounts together with any certificate or opinion entered by the local auditor.
- 5.2 Regulation 10(3) requires that Statement of Accounts, Annual Governance Statement and Narrative Statement remain available for public access for at least five years after the date of publication
- 5.3 Regulation 16(1) requires publishing a statement as soon as reasonably practicable after the conclusion of the audit to confirm matters such as the audit has concluded and the right of electors to inspect and make copies of the Statement of Accounts, auditor's certificate of completion and auditor's opinion.

Signature:

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Rebecca Hellard, Director of Council Management

Attachments:

- Appendix 1: Updated unaudited Annual Statement of Accounts 2020-21
- Appendix 2: Letter of Representation 2020-21 to the External Auditor
- Appendix 3: Updated unaudited Annual Statement of Accounts 2021-22
- Appendix 4: Letter of Representation 2021-22 to the External Auditor

