

DERBYSHIRE COUNTY COUNCIL**AUDIT COMMITTEE****23 March 2021****Report of the Director of Finance & ICT****STATEMENT OF ACCOUNTS 2020-21****1 Purpose of the Report**

To provide Members with details of proposed changes to the Accounts and Audit Regulations 2015 in respect of revised deadlines for publishing the pre-audited and audited Statement of Accounts.

2 Information and Analysis**Accounts and Audit Regulations**

The Accounts and Audit Regulations 2015 set out detailed requirements on a relevant authority in relation to its annual audit and accounting processes. The Regulations set out details of the statutory reporting timeframes these being the publication of pre-audited accounts being no later than the 31 May with a requirement to publish the audited accounts by 31 July.

In anticipation of the potential disruption to relevant authorities caused by the spread of coronavirus, the regulations were amended in 2020 to extend the deadlines for relevant authorities to publish and make available for public inspection, their annual accounts and supporting documents in relation to the financial year ending 31 March 2020. These amendments extended the deadlines for publication of both the pre-audited and audited Statement of Accounts.

Following a consultation with authorities early in the 2021 calendar year, the Accounts and Audit Regulations 2021 were published in March 2021 to reflect recommendations made by Sir Tony Redmond in his review of the effectiveness of external audit and transparency of financial reporting. The amendments come into force on 31 March 2021 and allow authorities to publish their draft accounts for inspection on or before the first working day of August, this being an extension to the 2015 Regulations where the deadline was 31 May. Furthermore, the deadline for publishing audited accounts is extended to 30 September from 31 July each year. These extensions apply for both the 2020-21 and 2021-22 financial years.

Within the amended regulations there will be a requirement for authorities to publish a note on their website giving their reasons should they fail to meet the 1 August deadline for the period of inspection.

Valuations

Members will be aware of the complex nature in valuing the Council's land and buildings and the significant risk that is awarded to it by the Council's external auditors. In addressing the risk, Mazars will consider whether the revaluation methodologies used by the Council are in line with industry standards and comply with the CIPFA Code of Practice and the Council's accounting policies. Furthermore, they will critically assess the treatment of the upward and downward revaluation movements in the Council's Statement of Accounts.

Historically, the date used for valuation of the Council's property has been the 1 April, however, due to the material uncertainty in the market caused by the coronavirus pandemic, the valuations will now take place on the 31 March. In previous years, the information in respect of valuations has meant that the information has been provided to the finance teams by the middle of April, however, the transition to the 31 March valuation date means that the valuers cannot provide the required information to support accounts preparation until the middle of May 2021.

Therefore, the Council is committed to publishing the pre-audit Statement of Accounts by the revised statutory deadline of 1 August 2021, however, Members need to be aware that any slippage in providing the information beyond the middle of May is likely to result in the Council submitting its pre-audited Statement of Accounts beyond the 1 August 2021 deadline.

Historically, the Council has an excellent track record of submitting its pre-audit Statement of Accounts on time, ahead of the statutory deadline and for a number of years was seen as an exemplar in its approach to preparing its accounts. Despite extensions being offered to the statutory deadlines last year to reflect the impact of the coronavirus, the Council still submitted its pre-audited Statement of Accounts broadly in line with previous years' timetables. The processes which are in place within the finance function are robust and embedded which support the delivery of the published accounts. In preparing the accounts, there is a reliance on key stakeholders to provide information to support the drafting of the Statement of Accounts. The receipt of valuations information is the most significant element. The current closedown timetable for publication of the Statement of Accounts is 30 June 2021. This would be one month ahead of the revised statutory deadline.

There is a reputational risk to the Council in submitting its accounts late in that it is likely to be named in any Government reports in respect of local authorities who fail to meet the statutory deadlines.

The Director of Property is aware of the need to provide the valuations information by the middle of May and the subsequent impact in the event the deadline is not met. Assurance has been received that sufficient resource will be allocated to ensure delivery of the valuation's information by the middle of May 2021.

3 Considerations

In preparing this report the relevance of the following factors has been considered: financial, legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property, transport and social value considerations.

4 Background Papers

MHCLG Letter dated 9 February – Consultation on Amendments to the Accounts and Audit Regulations 2015

5 Officer's Recommendation

That Members of the Audit Committee note:

- i. The proposed revised reporting timeframes in respect of both the pre-audit and audited Statement of Accounts for the financial years ending 31 March 2021 and 31 March 2022 as set out in the Accounts and Audit Regulations 2021.
- ii. The revised valuation date which will be used in preparing the 2020-21 Statement of Accounts.
- iii. The reputational risk to the Council in the event that it fails to submit its pre-audited Statement of Accounts within the prescribed statutory timeframes.

PETER HANDFORD

Director of Finance & ICT