

**Teignbridge District Council
Full Council
23 April 2024
Part i**

2020/21 FINAL ACCOUNTS, INCLUDING THE ANNUAL GOVERNANCE STATEMENT, AUDIT FINDINGS REPORT 2020-21 AND AUDITORS ANNUAL REPORT FOR 2021-22 AND 2022-23

Purpose of Report

To bring the revised statement of accounts 2020/21, letter of representation to Grant Thornton from the Chairman of the Council and the Annual Governance Statement to Members for approval. Also consideration of the Annual External Audit reports for 2020/21 and joint report for 2021/22 and 2022/23

Recommendation(s)

That the Council resolve to

- (a) Approve the revised 2020/21 Statement of Accounts including the Annual Governance Statement and letter of representation as recommended by the Audit Scrutiny Committee; and**
- (b) Note the 2020/21 Audit Findings Report and the Auditors Annual report for 2021/22 and 2022/23 from Grant Thornton and approve the actions arising from the action plans**

Financial Implications

The financial implications are contained throughout the report considered at Audit Scrutiny on 22 March 2024. The main implication is that the accounts have been closed and audited and general reserves still remain slightly above the budgeted level anticipated at 31 March 2021 - £2.060 million. See section 3

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Legal Implications

See section 5 – the Accounts and Audit Regulations 2015 set out the requirements for the production and publication and audit of the annual statement of accounts.

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Risk Assessment

Major risks are summarised in section 4. The most significant of these is the level of future funding from Central Government and the level of reserves held to meet future unexpected variations in income.

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Environmental/ Climate Change Implications

The revenue budget supports the funding of a Climate Change Officer and associated budget – see section 7.

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Executive Member

Councillor Richard Keeling – Executive Member for Resources

Councillor Sally Morgan – Chairman – Audit Scrutiny Committee

Appendices/Background Papers

Statement of Accounts 2020/21

Audit Opinion 2020/21

Letter of Representation 2020/21

Audit Findings Report 2020/21

Auditors Annual Report 2021/22 & 2022/23

1. PURPOSE

To bring the Statement of Accounts 2020/21, letter of representation to Grant Thornton from the Chairman of the Council and the Annual Governance Statement to Members for approval. To note the Audit Findings Reports from Grant Thornton and approve the actions arising.

2 BACKGROUND

- 2.1** The accounts and audit regulations 2015 set out the requirements for the production and publication of the annual statement of accounts. The statement usually has to be produced and certified by the chief finance officer by 31 May however the outbreak of Covid 19 has triggered amendments to this deadline by extending this to the end of July for 2020/21. Ordinarily the accounts have to be brought for full council approval after external audit and by 31 July however again this has been amended to the end of September or as soon as is practically possible. The Audit Scrutiny Committee considered the draft Statement of Accounts 2020/21 and the Annual Governance Statement at its meeting on 24 August 2021 and the final accounts (subject to audit) including the Annual Governance Statement on 27 October 2021. The 27 October Committee recommended that the Council approve these documents together with the letter of representation. The draft Audit Findings Report was also considered on 27 October together with future recommended actions. The accounts were then presented to Full Council for approval on 30 November 2021. Reports are available on the website at [Browse meetings - Audit Scrutiny Committee - Teignbridge District Council](#)
- 2.2** At the end of November 2021 elements of the audit were still outstanding and the critical aspect was evidence available to back up the calculations for property, plant and equipment. The information could not be obtained and in the subsequent conversations with Grant Thornton it was clear that this could not be recreated due to the passage of time by the newly appointed internal valuer. The position was brought to Audit Scrutiny members and agreed that the only way forward so as to not delay production of the subsequent years accounts was to accept some form of qualification on the audit opinion. This has now been received and will be included in the statement of accounts together with some other minor adjustments from the further work carried out on the audit which have already been amended. The Statement of Accounts include the Annual Governance Statement which was also updated slightly to reflect events over the passage of time.
- 2.3** The accounts reports and minutes of the Audit Scrutiny Committee meeting held on 22 March 2024 can be found on the Council's website at [Browse meetings - Audit Scrutiny Committee - Teignbridge District Council](#)

3 STATEMENT OF ACCOUNTS 2020/21

- 3.1** The audit of the statement of accounts is finalised and there are no further major adjustments. Grant Thornton will discuss any findings separately in their report. There are no adjustments required to the Strata figures consolidated into the accounts of the Council. The closing general reserves at 31 March 2021 of £2.060 million are an improvement on the original budget of £80,000.

3.2 The balance sheet shows a net worth of £14.6 million at 31 March 2021 compared to a net worth of £17.4 million at 31 March 2020. This is due mainly to an increase in the pension fund deficit mainly offset by an increase in the value of our property, plant and equipment, increase in earmarked reserves, capital receipts reserve and capital grants unapplied. There has been no change to these numbers since reporting to Full Council in November 2021.

3.3 The regulations require the formal approval of the accounts and this will be signified by the Chairman of the Council signing and dating the accounts on the page entitled the Statement of Responsibilities for the Statement of Accounts at the Council meeting. This statement is from the Chief Finance Officer and will be signed by him before presentation of the accounts to the council meeting.

3.4 Letter of Representation

Our external auditor requires assurances from us on various financial matters including statutory and contractual requirements, reasonableness of estimates and provisions, responsibility for internal controls, various disclosures and information provided. These are detailed in the updated letter included as an appendix which needs recommendation for approval at full Council.

3.5 Annual Audit Reports

Grant Thornton presented their reports for 2020/21 and a joint report for 2021/22 and 2022/23. These are included as appendices together with the recommendations arising therefrom. These mainly cover administration and housekeeping of accounting entries, asset valuations, officer/Member working relationships, workforce planning, budget planning, delivery of savings and financial reporting. There are also some observations around performance targets and benchmarking.

4. RISKS

The major risks to be aware of are around future funding and the adequacy of reserves going forward as further action is required to address the budget gaps. General reserves are maintained at a value higher than originally budgeted and earmarked reserves are held to help deal with future forecast funding changes and earmarked projects/schemes. Further clarity is required on the level of Government support. These risks may impact further on the performance of treasury management and borrowing levels moving forward. Preparation and approval of the accounts are required by the Accounts and Audit Regulations 2015 and if these regulations are not adhered to the auditors can qualify the accounts if material.

5. MAIN IMPLICATIONS

The implications members need to be aware of are as follows:

5.1 Legal

The Financial Accounts for 2020/21 need to be produced and audited in accordance with the Accounts & Audit Regulations 2015.

5.2 Resources

The report notes that general reserves have been maintained at a level slightly higher than originally budgeted at 31 March 2021.

6. GROUPS CONSULTED

The accounts have been advertised as available for inspection and are available on the website. The external auditors have been auditing the financial records and accounts since August.

7. ENVIRONMENTAL/CLIMATE CHANGE IMPACT

The revenue budget supports the appointment of a climate change officer and associated budget.

8. DATE OF IMPLEMENTATION (CONFIRMATION OF DECISION SUBJECT TO CALL-IN)

Immediately. No call in.