



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE – 29 SEPTEMBER 2022
Report Number	AGENDA ITEM 10
Subject	DRAFT STATEMENT OF ACCOUNTS 2021/22
Wards affected	N/a
Accountable member	Cllr Mike Every, Deputy Leader and Cabinet Member for Finance Email: mike.every@cotswold.gov.uk
Accountable officer	Jo Moore, Interim Deputy Chief Executive and Chief Finance Officer Tel: 01285 623608 Email: jo.moore@cotswold.gov.uk
Summary/Purpose	This report presents to the Committee for consideration the published (unaudited) draft Statement of Accounts for the year ended 31 March 2022
Annexes	<b>Annex A</b> – Draft Statement of Accounts 2021/22 (unaudited)
Recommendation(s)	That the Committee notes the: (a) The draft unaudited Statement of Accounts 2020/21 (as attached at Annex A); (b) Key highlights from the Statement of Accounts 2021/22 as set out within this report.
Corporate priorities	<b>Priority</b> - Ensure that all services delivered by the council are delivered to the highest standard  <b>Principle - Value for money</b> - we will use the Council's resources wisely, but will invest in the fabric and future of the district
Key Decision	No
Exempt	No
Consultees/ Consultation	None



## **1. BACKGROUND**

- 1.1** The draft statement of accounts for the year ended 31 March 2022 are attached at Annex A and presented to the Committee for consideration.
- 1.2** The draft accounts were required to be published by 31 July 2022 but were actually published on 25 August 2022. The reason for the delay was that there was some confusion over the publishing date and the external auditors were liaised with throughout. Apologies are extended to the Committee for this oversight.
- 1.3** Once published, local authorities are required to allow for a public inspection period of 30 working days. The public inspection period for the 2021/22 accounts will therefore run from 30 August to 10 October 2022.
- 1.4** A final version of the accounts, together with the Council's external auditor's opinion on those accounts will be presented to a future Committee meeting following completion of the external audit. The fieldwork is due to commence in October 2022.
- 1.5** The draft Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ('the Code'). The Council is statutorily obliged under the Accounts and Audit Regulations 2015 to prepare its Statement of Accounts in accordance with the Code.
- 1.6** The Statement of Accounts have a specified format which includes a narrative report, four primary statements, accounting policies and notes to the accounts. The purpose of the primary statements are set out below together with any key highlights from those statements for the year ended 31 March 2022.

## **2. KEY HIGHLIGHTS**

### **2.1 Comprehensive Income & Expenditure account (CI&E)**

This statement includes the net cost of services in accordance with generally accepted accounting practices which for 2021/22 was a surplus of £0.403m. This differs from the revenue outturn report which reported a surplus of £18,982 as the CI&E is prepared under International Accounting Standards (IASs) while the management accounts are prepared based upon local authority accounting rules. The "Expenditure and Funding Analysis" (page 15) of the Accounts reconciles the difference between the IAS net surplus and the management accounts outturn.



## **2.2 Movement in Reserves Statement (MIRS)**

The MIRS details the movement in the year between reserves, from the surplus/deficit on provision of services in the Comprehensive Income and Expenditure Statement, to the position on the Balance Sheet at 31 March. The reserves are also split into usable reserves (which are available to spend) and unusable reserves which represent reserves held for accounting purposes (and are not available for use).

## **2.3 Balance Sheet**

The balance sheet depicts the assets and liabilities of the Council as at 31 March 2022 splitting these between current (less than 12 months) and non-current i.e. long term assets and liabilities. Subtracting liabilities from assets shows leads to a net position which represents the Council's 'net worth'.

At 31 March 2022, the Council's net worth was £58.2m compared to £42.8m the previous year and an increase of £15.4m. This is largely due to a reduction in the pension liability and increase in cash and investments and movements on debtors and creditors.

## **2.4 Cashflow Statement**

The cashflow statement shows the year-on-year change in cash and cash equivalents which includes on-demand deposits rather than simply showing the movement in the bank balance. There has been a £3.6m increase in cash and cash equivalents due to an increase in cash held in highly liquid 'money market funds'.

## **2.5 Notes to the accounts**

The notes to the accounts provide the detailed breakdown of the numbers contained within the primary statements together with relevant supporting information to assist readers of the accounts and to comply with accounting standards disclosure requirements. These can be found on pages 17 to 87.

## **2.6 Accounting policies**

The Council's Financial Rules state that the Chief Finance Officer is responsible for setting the Council's accounting policies. The Statement of Accounts is prepared based upon these policies. Whilst it is the Chief Finance Officer's responsibility to set the policies, the Audit Committee is responsible for approving them.

The accounting policies as set out in the draft statement of accounts were presented to and approved by the Audit Committee at the meeting on 28 April 2022. No further changes have been made to the policies presented and approved at that meeting.



## **2.7 Approval and publication of the accounts**

The Audit Committee is responsible for formally approving the audited Statement of Accounts on behalf of the Council. The statutory deadline for completing the 2021/22 external audit is 30 November 2022.

On completion of the audit, the Committee will be asked to approve the signing of the Statement of Accounts and Letter of Representation. At this point the Accounts can be formally approved by the Committee and the external auditor (Grant Thornton UK LLP). The S151 Officer will sign then sign the accounts and these will then be published on the Council's website along with the notice of completion of Audit.

## **2.8 Post-balance sheet events**

Until the day of the signing of the final accounts, the S151 Officer will continue to monitor matters which occur after the balance sheet date (31 March 2022) and which could impact on amounts included within the statement of accounts. If the matter meets the definition of an "adjusting" event and would have a material impact on an amount or amounts included within the statements then this could require an adjustment to the account. Any such events would be discussed with the external auditor and reported to the Committee.

## **3. FINANCIAL IMPLICATIONS**

- 3.1** As this is a finance report, the financial implications are as set out in the main body of the report and the annex. There are no other direct financial implications arising from this report.

## **4. LEGAL IMPLICATIONS**

- 4.1** None specific.

## **5. RISK ASSESSMENT**

- 5.1** The main risks arise from lack of financial control and poor accounts preparation processes. The Council has appropriate controls in place to mitigate these. In addition, any recommendations made by the External Auditor which have been accepted will be implemented within agreed deadlines.

## **6. EQUALITIES IMPACT**

- 6.1** This report presents to the Committee a statutory report which the Council has a legal obligation to prepare and, as such, there are no equalities impacts.



## **7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

**7.1** None.

## **8. ALTERNATIVE OPTIONS**

**8.1** There are no alternative options as the Council has a legal obligations to prepare the statutory statement of accounts and for these to be subject to external audit.

## **9. BACKGROUND PAPERS**

**9.1** 28 April 2022 – Audit Committee approved the Draft Accounting Policies.  
4 July 2022 – Cabinet received the 2021/22 Financial, Council Priority and service Performance Report.