

Audit Committee

30 May 2023



Report of: Director of Finance

Title: Statement of Accounts Year Ended 31 March 2021

Ward: City Wide

Officer Presenting Report: Denise Murray

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Recommendation

1. Audit Committee approves the Statement of Accounts for the year ended 31 March 2021.

Summary

This report should be considered alongside the final ISA260 report being presented by the Council's external auditor.

The Statement of Accounts sets out the Council's financial position as at the 31 March 2021 along with a summary of its income and expenditure for the year to 31 March 2021. The financial statements are the main method of demonstrating financial accountability and stewardship.

The draft accounts were last presented to Audit Committee for approval on 8 March 2022, at which point Grant Thornton had substantially completed their audit work on the financial statements. However, prior to signing, a national issue relating to the valuation of infrastructure assets came to light, effectively putting on hold the signing of the accounts until a solution to this issue could be determined.

The audit has identified a number of other adjustments to the accounts since the Statement was last presented to Members. These are summarised in this report.



Policy

None affected by this report.

Consultation

- 1. Internal**
Executive Members and senior management

- 2. External**
The draft accounts were available for public inspection.

Background and Context

1. Audit Committee previously received the Statement of Accounts at its meeting of 8 March 2022. In the intervening period there have been a number of progress reports from the External Auditor. These have identified some amendments and technical adjustments, including those for infrastructure assets, to the Statement since its last publication and these are outlined in paragraph 5 below.

2. The Council's Statement of Accounts has been prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) which is based on International Reporting Standards (IFRS). This is necessary to ensure that accounts of all Government funded bodies provide comparable and consistent information.

3. The annual accounts presented for approval have been audited by the external auditors, Grant Thornton, who have reviewed and undertaken significant testing of the financial statements and processes to complete them to ensure they have been prepared in line with regulatory and statutory requirements. Their findings and opinion on the accounts are reported separately as part of their findings report to Audit Committee.

4. The External Auditors, Grant Thornton, propose to issue an unqualified audit opinion on the Council's financial statements. There remain a small number of outstanding matters under consideration.

5. The Audit has identified several changes to the draft accounts previously circulated. Besides several minor corrections and updates to disclosure notes there are several more significant adjustments impacting on the financial statements,
 - I. In January 2023 CIPFA issued a temporary solution to the national issue relating to accounting for infrastructure assets, impacting on accounts for

2020/21 and subsequent years. This has resulted in changes to the presentation of the Property, Plant and Equipment in note 20 of the Statement, along with the provision of some additional disclosure notes. As the change is not retrospective the 2019/20 comparative table has not been amended.

- II. In 2021/22 the Council changed its valuation method for a number of assets from existing use value to depreciated replacement cost. As the 2020/21 comparative year remained open there was a requirement to carry out a similar exercise on the closing values of the same assets as at 31 March 2021. This has resulted in an increase in asset values as at 31 March 2021 of £14.1m. This adjustment has been put through the accounts. This impacts on the Comprehensive Income and Expenditure Statement and Balance sheet and the Property, Plant and Equipment note 20 and the Revaluation Reserve note 34.
 - III. The grant element of Revenue Expenditure Funded from Capital Under Statute (REFCUS), has previously not been properly disclosed in three notes to the accounts. These are, note 17, "Grants Credited to Services", note 26, Capital Expenditure and Capital Financing and note 34 Unusable Reserves, the Capital Adjustment Account. These notes have now been amended. It should be noted that these amendments have no impact on the primary statements.
 - IV. There were several small changes to the group accounts consolidated cash flow statement and the group financial instrument notes. These amendments reflect subsequent changes between the subsidiary companies draft and final audited accounts.
7. The post balance sheet event note 5 has been updated to incorporate events noted in the 2021/22 accounts (as 2020/21 were still open) and a detailed commentary covering Bristol City Leap.
8. Attached at Appendix 2 is the Letter of Representation. This is provided by the Council in connection with the audit of the financial statements for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and applicable law.

Other Options Considered

Not applicable

Risk Assessment

The Statutory Accounts need to be formally published as soon as practicable. This report, together with the Annual Governance Statement, forms part of the assurance process.

Public Sector Equality Duties

None necessary for this report

Legal and Resource Implications

Legal

None arising from this report

Financial

None arising from this report.

Land

Not applicable

Personnel

Not Applicable

Appendices:

Appendix 1 Statement of Accounts 2020/21

Appendix 2 Letter of Representation

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Final Accounts working papers held in Corporate Finance