

Report

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	22 June 2022
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Unaudited Annual Accounts 2021/2022
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ advise members of the requirement to consider the unaudited Annual Accounts of the Council and related Charitable Trusts

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the unaudited Annual Accounts of the Council and related Charitable Trusts to be submitted to Audit Scotland by the deadline of 30 June, be noted.

3. Background

- 3.1. The Local Authority Accounts (Scotland) Regulations 2014 require the unaudited Accounts to be submitted to the External Auditor no later than 30 June. The Regulations also require elected members to consider the unaudited accounts at a meeting to be held no later than 31 August.
- 3.2. The Council's Terms of Reference deems that the Risk and Audit Scrutiny Committee will formally consider the unaudited Accounts prior to submitting them to the External Auditor and making them available for public inspection.
- 3.3. This report provides the Council's unaudited Accounts 2022 for members' consideration, (Section 4), as well as the related Charitable Accounts (Section 5).

4. Unaudited Accounts – South Lanarkshire Council

- 4.1. The Council's unaudited Accounts for 2021/2022 are a statutory document which detail key information on the Council's expenditure and income for the financial year ended 31 March each year. The Annual Accounts show a number of statements including a Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves, Cash Flow and supplementary notes. They will also include the Annual Statement of Governance which is presented separately to this Committee.
- 4.2. The Council's unaudited Accounts 2022 are included as Appendix 1 to this report for consideration.
- 4.3. These unaudited Accounts will be available for public inspection between 30 June 2022 and 21 July 2022, as prescribed by the Local Authority Accounts (Scotland) Regulations 2014. They will be available on the Council's website and can also be provided to any member of the public upon request. Arrangements will be made to

provide any information requested as part of this public consultation. The unaudited Accounts will be on the Council's website from 30 June 2022 until the date the audited Accounts are published.

- 4.4. Following the audit of the Accounts across the summer months, the audited Annual Accounts will be brought back to this Committee later in the year, along with the External Auditor Members' report for formal approval and signature. Due to the ongoing impact of COVID-19, the Scottish Government has extended the normal audit deadline from 30 September to 30 November 2022. The Council's external auditors are working to a deadline of 31 October 2022. As a result, the date of the Committee to approve the audited Accounts has been set for 25 October 2022.
- 4.5. A copy of the unaudited Accounts will be circulated to all elected members for information following submission of the Accounts to the External Auditor on 30 June 2022.
- 4.6. **Restatement of Monitoring Figures Reported:** The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Accounting Practice (the Code) introduced an Expenditure and Funding Analysis which must be prepared as part of the main Accounts. The purpose of the statement is to reconcile the monitoring position reported to the Council's Executive Committee, to the figures reported in the Comprehensive Income and Expenditure Statement, which are presented on an accounting basis.
- 4.7. A monitoring report on the final outturn position of the Council's Revenue Budget is being presented to the Executive Committee on 29 June 2022. The Executive Committee position shows a surplus of £6.109 million, which it is proposed is transferred to reserves for use in the 2023/2024 Revenue Budget Strategy. This report seeks approval to transfer funds to reserves to meet future budget pressures and commitments, including the £6.109 million surplus. The information contained in the unaudited Accounts takes into account the position reported in the Revenue Outturn report and is, therefore, subject to the approval of the Executive Committee.
- 4.8. The position shown in Appendix 2 to this report assumes that all of the transfers to reserves are approved by the Executive Committee, resulting in an overall breakeven position for the year.
- 4.9. Appendix 2 provides a reconciliation of this final breakeven position, as reported to the Council's Executive Committee (29 June 2022), to the figures included in the Council's Accounts 2022 (in the Expenditure and Funding Analysis Statement and the Comprehensive Income and Expenditure Account) and include the application of accounting entries in line with the CIPFA Code of Practice.

5. Unaudited Accounts – Charitable Trusts

- 5.1. In addition to the unaudited Accounts for the Council, this Committee is also required to consider the accounts of the 3 related Charitable Trusts: South Lanarkshire Educational Trust, South Lanarkshire Council Charitable Trust and the East Kilbride Information Technology Trust. These accounts are attached in Appendix 3 for consideration and will be emailed to all elected members following submission to External Audit on 30 June 2022. They will also be available on the Council's website on 30 June 2022 for public inspection.
- 5.2. These audited Accounts will also be brought back for approval and signature in autumn 2022 along with the External Audit Members' report.

6. Employee Implications

- 6.1. There are no direct employee implications from this report.

7. Financial Implications

- 7.1. There are no direct financial implications arising from this report.

8. Climate Change, Sustainability and Environmental Implications

- 8.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

9. Other Implications

- 9.1. The main risk associated with the Council and Charitable Annual Accounts is a qualified audit report. The risk has been assessed as low due to the detailed preparation in relation to the year-end process, technical training undertaken by key finance staff and the roll out of this to Resource finance staff as appropriate. Finance and Resources work together to achieve key deadlines and actions set from timetables.

- 9.2. There are no implications for sustainability in terms of the information contained in this report.

10. Equality Impact Assessment and Consultation Arrangements

- 10.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

- 10.2. There is also no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning

Executive Director (Finance and Corporate Resources)

7 June 2022

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ None

List of Background Papers

- ◆ South Lanarkshire Council Annual Accounts 2021/2022
- ◆ Charitable Trusts' Annual Accounts 2021/2022
- ◆ Financial Ledger 2021/2022 and associated working papers

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:

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