

# Audit and Performance Committee Report

<b>Date:</b>	29 September 2021
<b>Classification:</b>	General Release
<b>Title:</b>	2020/21 Annual Accounts
<b>Wards Affected:</b>	All
<b>City for All Summary</b>	The accounts detail the Council's financial performance for 2020/21. Further detail regarding City for All, opportunities and risks can be obtained in the Narrative Report and Annual Governance Statement
<b>Financial Summary:</b>	This report presents the audited Statement of Accounts and Pension Fund report for the Council for the financial year ended 31 March 2021 and the external auditor's reports
<b>Report of:</b>	Gerald Almeroth, Executive Director – Finance & Resources

## 1. Executive Summary

- 1.1 Since the Audit and Performance Committee reviewed the draft statement of accounts at its meeting on 14 July 2021, the Council's external auditors Grant Thornton have completed their audit of the Council and Pension Fund accounts.
- 1.2 The Council had a public inspection period of the accounts from 25 June 2021 to 5 August 2021. There were no objections raised during this inspection period.
- 1.3 The key changes to both sets of accounts since the draft version was presented to the Committee in July are outlined as follows:
  - Appendix 1 – main accounts: C: Audit Adjustments (page 33)

- Appendix 2 – pension fund: A: Audit Adjustments (page 16)

## **2. Recommendations**

- 2.1 That Audit and Performance Committee considers the findings outlined in Grant Thornton's Audit Findings Reports (AFR) of both the Council's Statement of Accounts and Pension Fund report (Appendix 1 and 2, respectively),
- 2.1 That Audit and Performance Committee approves the revised 2020/21 Statement of Accounts for the Council and the Pension Fund report.

## **3. Background**

- 3.1 The Accounts and Audit (Amendment) Regulations 2021 state that the draft accounts must be published by 31 July 2021, with Council's accounts approved by 30 September 2021.
- 3.2 The Council is ahead of these deadlines with draft accounts published on the Council's website on 24 June 2021, enabling the final audited accounts to be presented to Audit and Performance Committee on 29 September 2021. This puts Westminster City Council amongst the first authorities to have its accounts and audit substantively complete.
- 3.3 The statements are submitted here with unqualified opinions, which is the first stage of the certification process. The next steps after this will be for Grant Thornton to finalise the following:
  - Value for Money (VfM) assessment
  - Whole of Government Accounts (WGA)
- 3.4 Grant Thornton has outlined in the AFR that they will complete the Value for Money (VfM) assessment in November which does not affect this September sign-off. HM Treasury is not expected to issue the WGA form until December this year and therefore cannot impact the September sign-off timescale. As there were no objections on this year's accounts, the certification can be issued once the VfM and WGA assurance is given.
- 3.5 The draft accounts and outturn position for 2020/21 were presented to the Committee on 14 July 2021. Since then the Council's external auditors, Grant Thornton have carried out a detailed audit of the accounts. The audit process is intended to ensure that there are no material misstatements in the accounts and the audit is directed towards forming and expressing an opinion about the financial statements.

- 3.6 The audited accounts maintain that the Council's strong financial position provides resilience against the uncertainty of the post-pandemic financial landscape and gives some medium-term protection against any changes in core funding arising from future local government settlements.

### **Main Accounts (AFR Appendix 1)**

- 3.7 During the audit process some adjustments have been made to the statement of accounts and these are outlined in the Audit Findings Report (AFR) Appendix 1: C Audit Adjustments (page 33). These adjustments have had no impact on the bottom line and only impact the supporting disclosure notes. The two prominent adjustments are noted in the paragraphs below.
- 3.8 Following Grant Thornton's recommendations during last year's audit, detailed in Appendix 1: B of the AFR (page 28), the Council has carried out various exercises to data cleanse, review and improve processes. As part of this improvement project, the Council has now written out some infrastructure assets with £nil net book value (NBV) but with gross book value (GBV) of £221m. This change does not affect the balance sheet.
- 3.9 This data cleanse exercise has resulted in a prior period adjustment (PPA) within Note 18c to better reflect the timings of these assets ceasing to be used by the Council. This adjustment has had zero impact on the Council's accounts and reflect the culmination of the review of infrastructure assets in the Council's asset register. The PPA is detailed further under significant matters in Appendix 1 (page 4) of the AFR, alongside the Group PPA, which was included in the draft set of accounts.
- 3.10 A further amendment to the accounts is following the determination that the Luton Street Development LLP, which had been consolidated as a subsidiary of Westminster Housing Investments Limited (a subsidiary undertaking of the Council), is now being treated as a joint venture of Westminster Housing Investments Limited. This is now reflected in the group accounts but does not impact the operation itself.
- 3.11 Appendix 1: A of the AFR (page 27), has noted some minor action points to consider in next year's audit. This action plan is reduced from prior years. The work undertaken, and improvements made are also detailed in Appendix 1: B (page 28).

### **Pension Fund report (AFR Appendix 2)**

- 3.12 The Pension Fund AFR is outlined in Appendix 2: Audit Findings Report (Pensions) 2020/21. The opinion at page 18 is unqualified.
- 3.13 The audited Pension Fund report includes audit amendments noted in Appendix 2: A Audit Adjustments (page 16). No other changes are required.

#### **4. Objections**

- 4.1 The auditors have not received any objections in relation to the 2020/21 statement of accounts.

#### **5. Conclusion**

- 5.1 Grant Thornton are expecting to issue unqualified opinions on both the main accounts and pension fund, subject to completion of final review points noted in both AFRs.
- 5.2 Final certification will be given once the Value for Money assessment and Whole of Government Accounts are audited. The accounts themselves can be formally approved at the 29 September 2021 Audit and Performance Committee,

**If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:**

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#### **BACKGROUND PAPERS:**

*Appendix 1: Audit Findings Report (Council) 2020/21*

*Appendix 2: Audit Findings Report (Pensions) 2020/21*

*Appendix 3: Audited Statement of Accounts 2020/21*

*Appendix 4: Audited Pension Fund report 2020/21*