



## Open Report on behalf of Andrew Crookham - Executive Director - Resources

Report to:	<b>Audit Committee</b>
Date:	<b>15 September 2021</b>
Subject:	<b>Statement of Accounts 2020/21 – Lincolnshire County Council and Lincolnshire Pension Fund</b>

### Summary:

The Council's draft Statement of Accounts 2020/21 is still subject to some remaining external audit enquiries, which are nearing completion. The Audit Committee received an updated version of the accounts on 27 September, which included some changes made since the original draft accounts were produced. This report provides a further update and includes changes to the accounts since September.

This report also seeks the approval of the Audit Committee to delegate its usual responsibilities for the Statement of Accounts to the Executive Director – Resources, in consultation with the Chairman of the Audit Committee, so that these responsibilities can be carried out after this meeting

Also on the agenda for this Committee meeting is an update on audit progress from the external auditors, Mazars.

### Recommendation(s):

Members of the Audit Committee are asked to:

- Note the changes made to the updated Statement of Accounts 2020/21 and provide comments or feedback.
- Delegate to the Executive Director – Resources, in consultation with the Chairman of the Audit Committee, the responsibility for:
  1. Considering the Audit Completion Report of the External Auditor for Lincolnshire County Council 2020/21 (a draft Audit Completion report is elsewhere on this meeting's agenda).
  2. Approving and signing the Letters of Representation on behalf of the Council to enable the Audit Opinion to be issued following the finalisation of the External Auditor's report.
  3. Approving the audited Statement of Accounts for 2020/21.

## Background

- 1.1 The Audit Committee scrutinised the Council's draft statement of Accounts 2020/21 at its meeting held on 12 July 2021. Since that time the external audit process has been progressing and a number of changes have been made to the Accounts. At the Audit Committee meeting on 27 September 2021, an updated Statement of Accounts 2020/21 was presented, which included changes made up to that point in time. Further amendments have been made since then and these are summarised below.
- 1.2 An updated Statement of Accounts 2020/21 has been produced and is included as Appendix A to this report.

### Amendments to the Lincolnshire Pension Fund Accounts 2020/21

- 1.3 The Pension Accounts presented to the Audit Committee in July included all 31 March asset valuation information received by the Fund to the end of June. Since then, Pension Fund Officers have proactively tracked updated asset information and, where amendments were received prior to the deadline for reports for the September Audit Committee, changes were incorporated into the accounts presented to that meeting. Following this, final asset values for unquoted holdings have been received and are now incorporated into the updated accounts at Appendix A. These valuation changes have impacted on the Fund Account, the Net Asset Statement and various disclosure notes within the Pension Fund Accounts.
- 1.4 In total, the 31 March 2021 value of the unquoted assets of the Pension Fund has increased by £33.948m since the first draft of the accounts was produced.
- 1.5 The Pension Fund value and disclosure has also been updated accordingly in the Annual Governance Statement and Narrative Report within the accounts.

### Amendments to the Lincolnshire County Council Accounts 2020/21

- 1.6 An updated actuarial report was requested in respect of the Lincolnshire County Council's pension fund, to take account of the updated unquoted asset valuations referred to in the previous paragraphs. The impact of the updated valuations was an increase in the value of pension fund assets relating to Lincolnshire County Council's share of the pension fund of £27.823m. As this is above the audit materiality threshold of £22.817m, the accounts have been updated to reflect the later actuarial report.
- 1.7 This valuation change has impacted on a number of areas in the accounts, including the core statements: Balance Sheet; Comprehensive Income and Expenditure Statement; Movement in Reserves Statement. In addition, the Narrative Report has been amended for the change, as well as a number of disclosure notes. The overall impact is a reduction in the net pension liability on the Council's Balance Sheet, from £1,111.464m to £1,083.641m. This is still a large liability, although it does not represent a short-term requirement to call upon reserves as it is a long-term commitment.
- 1.8 The disclosure note for Audit Fees has been amended at the request of Mazars, to include the fee variations for the audit of the accounts within the "fees payable to

the appointed auditor for external audit services” line. These had been included in the “fees payable to the appointed auditor for other services” line in error.

## Conclusion

- 2.1 Most of the changes made to the accounts since the first draft was produced have been relatively minor, although the updated unquoted asset valuations have required a material change to both the Pension Fund and Lincolnshire County Council accounts.
- 2.2 The Pension Fund audit is complete so no further changes will be made to this section of the accounts. The audit of the main accounts is not quite complete, so it is possible that further changes will be required. For this reason, the report recommends that the Audit Committee delegates responsibility for carrying out its remaining responsibilities in respect of the accounts and audit to the Executive Director – Resources, in consultation with the Chairman of the Audit Committee.

## Consultation

### a) Risks and Impact Analysis

N/A

## Appendices

These are listed below and attached at the back of the report	
Appendix A	Updated Statement of Accounts 2020/21 (available at <a href="https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=133&amp;MId=5720&amp;Ver=4">https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=133&amp;MId=5720&amp;Ver=4</a> )

## Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Michelle Grady, Assistant Director - Finance, who can be contacted on 01522 553235 or [michelle.grady@lincolnshire.gov.uk](mailto:michelle.grady@lincolnshire.gov.uk)

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