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Date: 08 December 2023

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Dear Councillor

AUDIT AND GOVERNANCE COMMITTEE - WEDNESDAY 13TH DECEMBER, 2023

I refer to the agenda for the above meeting and now enclose the following reports which were unavailable when the agenda was published.

Agenda Item 12 has been included as a new item after the original agenda was published.

Agenda No.	Item
6	Follow up of Audit Agreed Actions (Pages 3 - 16) Report of the Executive Director of Corporate Resources and Customer Services
11	Quarterly Work Programme Update Report (Pages 17 - 22) Report of the Executive Director of Corporate Resources and Customer Services
12	Statement of Accounts 2020/21, 2021/22 and 2022/23 (Pages 23 - 28) Report of the Executive Director of Corporate Resources and Customer Services

Yours faithfully,

Amy Dyson

Democratic Services

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Agenda Item 6

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 13 December 2023
Subject:	The Follow up of Audit Agreed Actions		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

In accordance with Public Sector Internal Audit Standards, the Chief Internal Auditor must “establish and maintain a system to monitor the disposition of results communicated to management; and a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.”

For Sefton Council the follow up of agreed audit action plans includes the monitoring of progress of audit agreed actions through internal audit and periodically reporting progress to the Audit and Governance Committee.

This report summarises the current implementation position and arrangements for monitoring and reporting internal audit recommendations.

A review of the outstanding actions from all audits between 2018/2019 to 2022/2023 financial years indicates that on the whole most of the agreed actions have been addressed but there is a small proportion of the agreed actions remaining outstanding. Of note is the six High priority agreed actions from 2018/2019 where the progress is still outstanding. However, the overall performance shows that significant efforts have been made to implement the agreed actions, with the implementation rate of 83% being above the industry standard benchmark (65%).

Members are invited to consider the overall performance for the completion of the actions is satisfactory, being above the benchmark, however, should be concerned by the small number of agreed actions where no response could be obtained from management and the eight High Priority agreed actions that are outstanding for 2018/2019.

Recommendation(s):

(1) Members are requested to note the progress outlined in the report.

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Reasons for the Recommendation(s):

The report provides transparency on the progress in implementing known weaknesses in the Council's control framework and provides assurance on an aspect of the Committee's Terms of Reference.

Alternative Options Considered and Rejected: (including any Risk Implications)

None

What will it cost and how will it be financed?

(A) Revenue Costs – There are no direct revenue costs from this monitoring report

(B) Capital Costs – There are no direct capital costs from this monitoring report

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): There are no direct resources implications from this report.	
Legal Implications: There are no legal implications.	
Equality Implications: There are no equality implications.	
Impact on Children and Young People: No	
The report does not directly impact on Children and Young persons but does outline the implementation of agreed actions from audits of which a minority relate to Children Services audits.	
Climate Emergency Implications:	
The recommendations within this report will	
Have a positive impact	N
Have a neutral impact	Y
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	Y
The report has a neutral impact as the report provides a monitoring position on the implementation of agreed audit actions by management. So far there are no climate change related agreed actions that were due to be completed during this review although this position is likely to change going forward.	

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Positive.

Facilitate confident and resilient communities: Positive.

Commission, broker and provide core services: Positive.
Place – leadership and influencer: Positive
Drivers of change and reform: Positive
Facilitate sustainable economic prosperity: Positive.
Greater income for social investment: Positive
Cleaner Greener: neutral

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD7454/23) and the Chief Legal and Democratic Officer (LD5554/23) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

None

Implementation Date for the Decision

Immediately following the Committee / Council meeting.

Contact Officer:	David Eden
Telephone Number:	0151 934 4053
Email Address:	david.eden@sefton.gov.uk

Appendices: None

Background Papers:

There are no background papers available for inspection.

1. Background

- 1.1 In accordance with Public Sector Internal Audit Standards, the Chief Internal Auditor must “establish and maintain a system to monitor the disposition of results communicated to management; and a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action”.
- 1.2 In the Audit and Governance Committee’s Terms of Reference presented to and approved by the Members on 15 March 2023 states: -

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“To consider reports from the head of internal audit on internal audit’s performance during the year, including the performance of external providers of internal audit services. These will include:

- a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
- b) regular reports on the results of the Quality Assurance Improvement Plan (QAIP)
- c) reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Assurance Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement (AGS).
- d) *to consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.*

1.3 The work plan for the Committee, approved 15 March 2023, details that a report will be provided annually to the Committee outlining the progress on the implementation of the agreed audit actions.

1.4 The standard practice for audits that are undertaken is that where control weaknesses are identified the weakness and the associated recommendation(s) are shared with the management team both verbally during the audit, at the closing meeting and in the draft report. The gradings for the risks are: -

High - A matter that is fundamental to the system under review. The recommendation should be addressed as a matter of urgency.

Medium - A matter that is significant to the system under review.

Low - A matter that requires attention and would improve the system under review.

1.5 Management are encouraged in this process to be aware of the issues early in the process which should enable them to consider how to implement the recommendation effectively in a cost effective, efficient and timely manner and finally when they receive the draft report to draft a formal response outlining their action and the timescale when the action will be implemented. The expectation is that management will when providing a response have consulted internally with other stakeholders on the practicality of the implementation and the timescales particularly where the recommendation relies on support from other teams.

1.6 The recommendation becomes an agreed action once the management provide a formal response outlining the action and the proposed completion date to the weakness(es) that have been identified in the audit. The timing of the action should be linked to the risk rating of the agreed action for example high risk ideally should be completed within three to six months of the audit completing.

1.7 Internal Audit monitor the completion of the agreed actions and where appropriate obtain from management confirmation that the action has been completed as well as evidence on the following basis:

- High risk agreed actions - written confirmation action has been implemented as well as evidence in 100% of the actions.

- Medium risk agreed actions - written confirmation action has been implemented as well as evidence in a sample of the actions.
- Low risk agreed actions - written confirmation action has been implemented and obtain information at the next audit of the area.

1.8 Where the action has not been implemented, we will seek to obtain a revised completion date. We provide colleagues three opportunities to respond by email before escalating to the Audit and Governance Committee.

2. Action taken to provide report

2.1 We are reporting progress for the past five financial years including an update for all responses received from all Service Area up to and including 10 November 2023.

- 2018 - 2019
- 2019 - 2020
- 2020 – 2021
- 2021 – 2022
- 2022 – 2023

2.2 During the exercise to provide this report, Audit were informed that some schools have converted to an academy under the Southport Learning Trust. Therefore, the agreed actions for the below School's were marked as closed.

- Bedford Primary School
- Holy Spirit Catholic Primary School

2.3 It has been agreed with the Senior Leadership Board (SLB) that the Internal Audit team will provide a quarterly update on the progress of the Significant Governance Issues and the other audit agreed actions, identified in the Annual Governance Statement (AGS). Therefore, the agreed actions from the AGS are excluded from the follow up of audit agreed actions statistics.

3. Overview

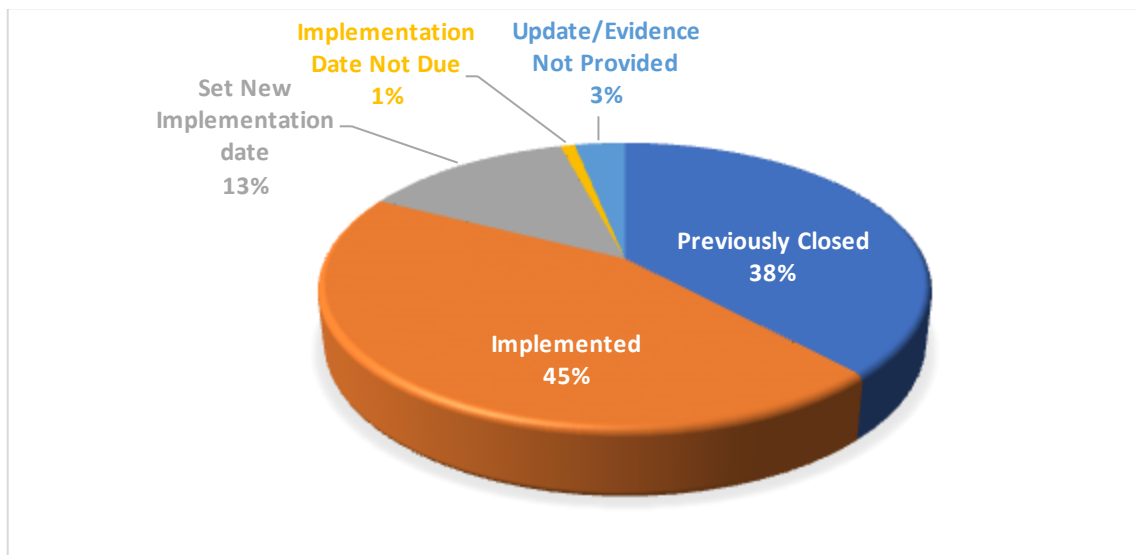
3.1 Review of data shows that there are 657 agreed actions for the past five years, of which 250 (38%) were implemented during the previous follow up exercises. Since then, a further 293 (45%) agreed actions have been implemented during 2022/2023 financial year and 88 (13%) agreed actions have been given a new implementation date. There are six (1%) agreed actions from an audit report being issued in 2022/2023 where the implementation dates were not due during the follow up exercise. There are 20 (3%) agreed actions still outstanding where Audit team were unable to obtain update/evidence from the departments. This is illustrated in Table and Chart 1 below.

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Table 1 – 2018/2019 – 2022/2023 Agreed Actions Status

Previously Closed	250
Implemented	293
Set New Implementation date	88
Implementation Date Not Due	6
Update/Evidence Not Provided	20
Total	657

Chart 1 – 2018/2019 – 2022/2023 Agreed Actions Status



3.2 Over the past five years there were 118 (18%) High priority agreed actions, of which 85 have been implemented. There were 398 (61%) Medium priority agreed actions, of which 332 have been implemented and there were 141 (21%) Low priority agreed actions, of which 126 have been implemented.

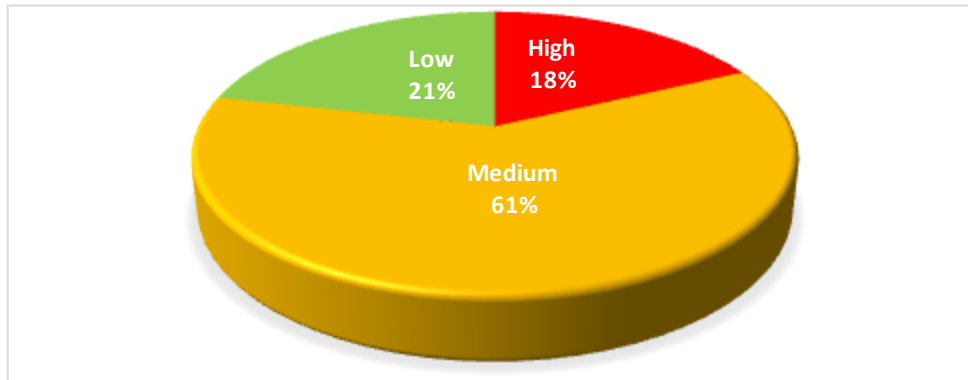
3.3 Table 2 illustrates the numbers of High, Medium and Low risk agreed actions for 2018/2019 – 2022/2023 financial years along with the status of whether Outstanding, Implemented or Implementation date not due.

Table 2 – 2018/2019 – 2022/2023 Agreed Actions Priority Status

Priority	Implemente d	Outstanding	Implementatio n Date Not Due	Total
High	85	32	1	118
Medium	332	64	2	398
Low	126	14	3	141
Total	540	111	6	657

3.4 Chart 2 illustrates the overall number of High, Medium and Low priority agreed actions for 2018/2019 – 2022/2023 financial years.

Chart 2 – 2018/2019 – 2022/2023 Agreed Actions Priority Status



4. 2018/2019 Financial Year

- 4.1 Review of data for financial year 2018/2019 shows that all High priority agreed actions have been implemented. Five Medium priority agreed actions and one Low priority agreed actions are outstanding and have been set with new implementation dates. For one Medium agreed action, Audit team were unable to obtain update/evidence from the department within the set time period.
- 4.2 Table 3 illustrates the numbers of High, Medium and Low risk agreed actions for the 2018/2019 financial year along with the status of whether outstanding or implemented.

Table 3 – 2018/2019 Agreed Actions Status

Priority	Implemented	Outstanding	Total
High	13	0	13
Medium	65	6	71
Low	20	1	21
Total	96	7	105

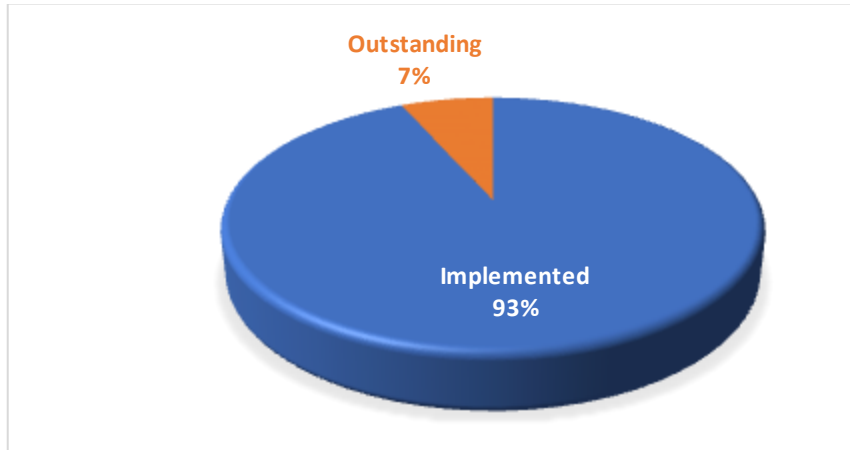
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New Implementation date	Update/Evidence Not Provided
0	0
5	1
1	0
6	1
Total	7

- 4.3 Chart 3 illustrates the overall number of implemented and outstanding agreed actions for the 2018/2019 financial year.

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Chart 3 – 2018/2019 Agreed Actions Status



4.4 This analysis shows that 93% of agreed actions have been implemented and 7% of Medium and Low priority agreed actions are still outstanding.

5. 2019/2020 Financial Year

5.1 Review of data for financial year 2019/2020 shows that there are six High priority agreed actions outstanding and have been set with new implementation dates. There are 16 Medium priority agreed actions outstanding, of which 14 have been set with a new implementation date and for two agreed actions, Audit team were unable to obtain update/evidence from the department within the set time period. There are two Low priority agreed actions outstanding both of which have revised implementation dates.

5.2 Table 4 illustrates the numbers of High, Medium and Low risk agreed actions for the 2019/2020 financial year along with the status of whether outstanding or implemented.

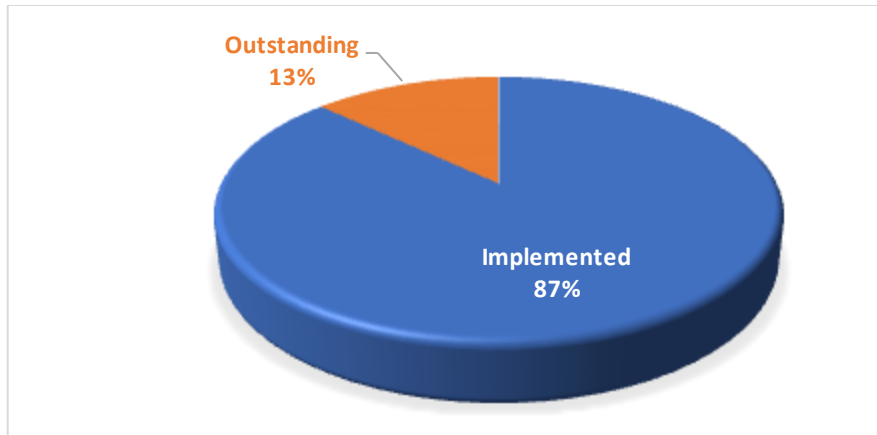
Table 4 – 2019/2020 Agreed Actions Status

Priority	Implemented	Outstanding	Total
High	26	6	32
Medium	93	16	109
Low	42	2	44
Total	161	24	185

New Implementation Date	Update/Evidence Not Provided
6	0
14	2
2	0
22	2
Total	24

5.3 Chart 4 illustrates the overall number of implemented and outstanding agreed actions for the 2019/2020 financial year.

Chart 4 – 2019/2020 Agreed Actions Status



5.4 This analysis shows that 87% of agreed actions have been implemented and 13% of agreed actions are still outstanding.

6. 2020/2021 Financial Year

6.1 Review of data for financial year 2020/2021 shows that all High, Medium and Low priority agreed actions have been implemented.

6.2 Table 5 illustrates the numbers of High, Medium and Low risk agreed actions for the 2020/2021 financial year along with the status of whether outstanding or implemented.

Table 5 – 2020/2021 Agreed Actions Status

Priority	Implemented	Outstanding	Total
High	12	0	12
Medium	14	0	14
Low	2	0	2
Total	28	0	28

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6.3 Chart 5 illustrates the overall number of implemented and outstanding agreed actions for the 2020/2021 financial year.

Chart 5 – 2020/2021 Agreed Actions Status



6.4 This analysis shows that 100% of agreed actions have been implemented.

7. 2021/2022 Financial Year

7.1 Review of data for financial year 2021/2022 shows that there is one High priority agreed action outstanding and has a new implementation date. There are seven Medium priority agreed actions outstanding, of which two have been set with new implementation dates. There are two Low priority agreed actions outstanding, of which one has a new implementation date. There are five Medium priority and one Low priority agreed actions where Audit team were unable to obtain update/evidence from the department within the set time period.

7.2 Table 6 illustrates the numbers of High, Medium and Low risk agreed actions for the 2021/2022 financial year along with the status of whether outstanding or implemented.

Table 6 – 2021/2022 Agreed Actions Status

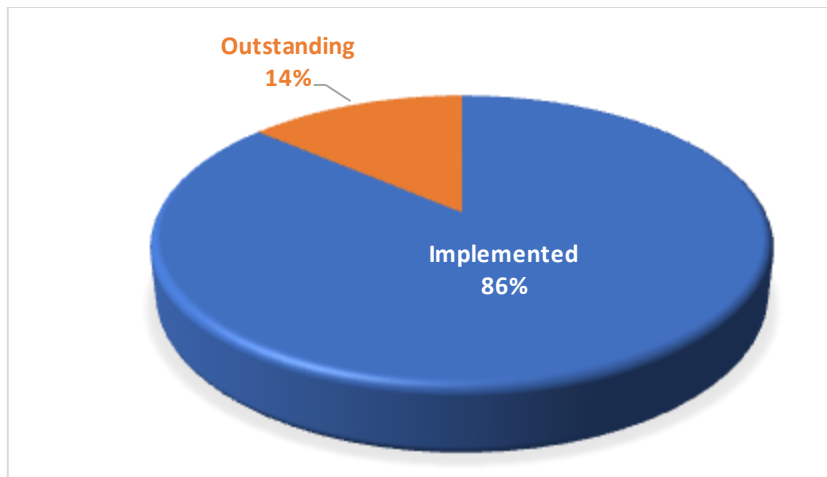
Priority	Implemented	Outstanding	Total
High	5	1	6
Medium	34	7	41
Low	24	2	26
Total	63	10	73

↓

New Implementation Date	Update/Evidence Not Provided
1	0
2	5
1	1
4	6
Total	10

7.3 Graph 6 illustrates the overall number of implemented and outstanding agreed actions for the 2021/2022 financial year.

Chart 6 – 2021/2022 Agreed Actions Status



6.4 This analysis shows that 86% of agreed actions have been implemented and 14% of agreed actions are still outstanding.

8. 2022/2023 Financial Year

8.1 Review of data for financial year 2022/2023 shows that there are 25 High priority agreed actions outstanding, of which 20 have been set with a new implementation date. There are 35 Medium priority agreed actions outstanding, of which 29 have been set with new implementation dates and there are seven Low priority agreed actions outstanding which have been set with new implementation dates. There are five High priority and six Medium priority agreed actions where Audit team were unable to obtain an update/evidence from the department within the set time period.

8.2 Table 7 illustrates the numbers of High, Medium and Low risk agreed actions for the 2022/2023 financial year along with the status of whether outstanding or implemented.

Table 7 – 2022/2023 Agreed Actions Status

Priority	Implemented	Outstanding	Implementation Date Not Due	Total
High	29	25	1	55
Medium	126	35	3	164
Low	38	7	2	47
Total	192	67	6	266

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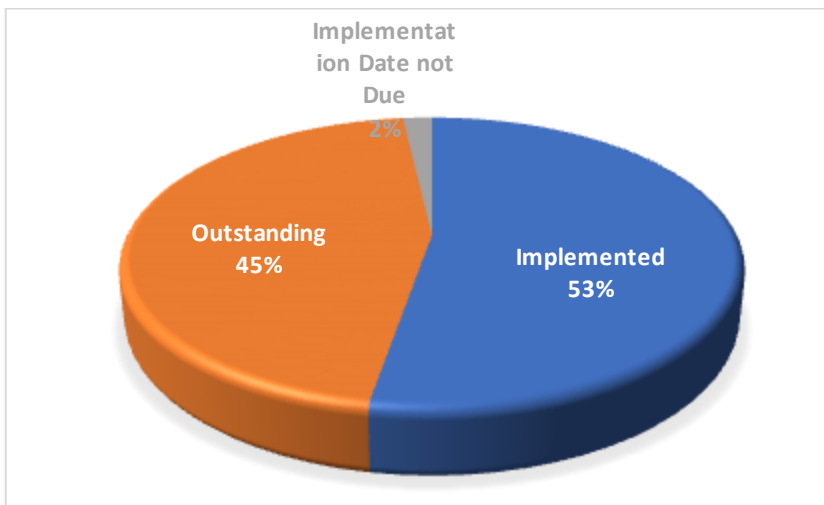
New Implementation Date	Update/Evidence Not Provided
20	5
29	6

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New Implementation Date	Update/Evidence Not Provided
7	0
56	12
Total	67

8.3 Graph 7 illustrates the overall number of implemented and outstanding agreed actions for the 2022/2023 financial year.

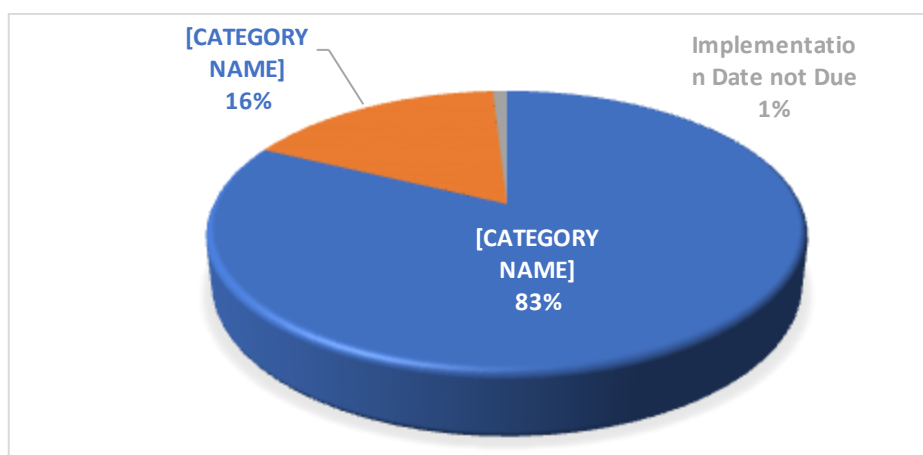
Chart 7 – 2022/2023 Agreed Actions Status



9. Summary

9.1 Analysis of data shows that from a total of 657 agreed actions for 2018 – 2023 financial year, 543 (83%) of agreed actions have been implemented with 108 (16%) of agreed actions still outstanding and for six (1%) of agreed actions, the implementation date was not due for review. An industry benchmark is 65% of agreed actions should be implemented by the original date therefore the Council's performance is above the benchmark. This is illustrated in Chart 8 below.

Chart 8 - 2018 - 2023 Agreed Actions Status



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- 9.2 The 16% of outstanding agreed actions includes 3% (20) of agreed actions where Audit team were unable to obtain update/evidence from the department within the set time period.
- 9.3 When comparing annual performance, data for agreed audit actions from 2021/2022 follow up exercise indicated that 70% of agreed actions had been implemented and 30% were outstanding. Whilst this was still above the industry benchmark (65%), comparison with 2022/2023 data showed implementation performance significantly improved to 83%, with only 17% of agreed actions remaining outstanding.
- 9.4 Audit have engaged with Services to understand the impact on timescales agreed and what the realistic, achievable revised dates for completion of actions is now likely to be. This work will continue, and the outcome will be shared with Audit and Governance Committee.
- 9.5 Members are invited to consider the overall performance for the completion of the actions is good, being above the benchmark, and are advised that management will be asked to provide within 1 month the required information that can reported back to the committee on the small number of High priorities agreed actions where no response could be obtained from management and the number of outstanding High Priority agreed actions that are outstanding for 2019/2020.
- 9.6 We will continue to closely monitor the progress and report to the Committee regularly over the next financial year. Should the position for the remaining agreed actions stay at the current level over the next financial year, the team will work with management to ensure that there is suitable priority given to the outstanding actions.

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Agenda Item 11

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 13 December 2023
Subject:	Quarterly Work Programme Update Report		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

The Audit and Governance Committee Work Programme has been developed to help ensure that all of the responsibilities of the Committee set out in the Audit and Governance Committee's Terms of Reference are discharged during the municipal year.

This report provides an update on reports listed for submission at the meeting of the Audit and Governance Committee held on 6 September 2023 and reasons for non-submission of some of the reports listed.

The reports considered at the meeting on 6 September 2023 were listed in the Work Programme for the 2022-23 Municipal Year, which had been approved by Audit and Governance Committee on 15 March 2023.

Recommendation(s):

The Committee is requested to note the Audit and Governance Committee Work Programme update on reports listed for submission to the meeting held on 6 September 2023.

Reasons for the Recommendation(s):

The Chartered Institute of Public Finance and Accountancy (CIPFA) publication - "Practical Guidance for Local and Authorities and Police" recommends as good practice, the provision of an annual Work programme to enable Audit and Governance Committees to discharge their duties in accordance with their Terms of Reference.

Adherence to the work plan ensures that the Audit and Governance Committee has a structured, consistent approach to fulfilling its responsibilities as detailed in the CIPFA guidance.

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Alternative Options Considered and Rejected: (including any Risk Implications)

To not have a Work Programme and not update the Committee on reasons for non-submission of expected reports would lessen the effectiveness of the Audit and Governance Committee.

What will it cost and how will it be financed?

(A) Revenue Costs

None directly

(B) Capital Costs

None directly

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): There are no direct resource implications	
Legal Implications: There are no direct legal implications	
Equality Implications: There are no direct equality implications	
Impact on Children and Young People: No	
Climate Emergency Implications: The recommendations within this report will	
Have a positive impact	No
Have a neutral impact	Yes
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes

Contribution to the Council's Core Purpose:

Protect the most vulnerable: N/A
Facilitate confident and resilient communities: N/A
Commission, broker and provide core services: Yes
Place – leadership and influencer: N/A

Drivers of change and reform: Yes
Facilitate sustainable economic prosperity: N/A
Greater income for social investment: N/A
Cleaner Greener: N/A

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD7465/23.) and the Chief Legal and Democratic Officer (LD5566/23) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

None

Implementation Date for the Decision

Immediately following the Committee

Contact Officer:	Amy Dyson
Telephone Number:	0151 934 2045
Email Address:	amy.dyson@sefton.gov.uk

Appendices:

Appendix 1 - Update on Reports listed in the 2023-2023 Audit and Governance Committee Work Programme and ad hoc reports submitted for consideration by Audit and Governance Committee held on 6 September 2023

Background Papers:

CIPFA – Audit Committees – Practical Guidance for Local Authorities and Police 2022 Edition can be viewed at the following link: [Sefton Home](#)

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1. Introduction/Background

- 1.1 The Work Programme for each Municipal Year is an important element in planning the year ahead as being closely aligned with the Terms of Reference, it ensures that the Committee has a structured, consistent approach to fulfilling its responsibilities within the Terms of Reference and helps to ensure the effectiveness of the Audit and Governance Committee. It is also important to note that a degree of flexibility is applied in order that any ad hoc / urgent reports may be considered by the Committee as and when required.

2. Work Programme Update – September 2023

- 2.1 It is good practice to provide the Audit and Governance Committee with regular updates on reports listed in the Work Programme and submission of ad hoc reports for consideration at each of its quarterly meetings.
- 2.2 Appendix 1 provides details of the reports listed in the 2023-2024 Work Programme for consideration at the meeting of the Audit and Governance Committee held on 6 September 2023 and the reasons for non-submission of some of the reports listed. It also provides details of ad hoc reports submitted which were not listed in the Work Programme.
- 2.3 As agreed by Audit and Governance Committee on 22 June 2022, update reports on adherence to the Work Programme will be provided to each of the quarterly meetings of the Audit and Governance Committee throughout the municipal year.

Update on Reports listed in the Audit and Governance Work Programme for consideration by Audit and Governance Committee held on 6 September 2023

	Report Title	Inclusion Rationale	Details	Comments and/or reason for delay
	Governance Reports			
(1)	Annual Report of the Audit and Governance Committee 2022-2023	Terms of Reference	Submitted, Approved and Referred to Council	Annual report provided to Members
(2)	Audit and Governance Committee Work Programme Quarterly Update Report	Good Practice	Submitted and Noted	Update on reports listed in the Work Programme for consideration in the previous meeting
(3)	Code of Corporate Governance	Recommended by Audit and Governance Committee	Submitted and Approved	The document had been updated since the last report on 19 July 2023
	Internal Audit Reports			
(3)	Annual Report and Opinion of the Chief Internal Auditor	Terms of Reference	Submitted and Approved	Annual report provided to Members
(4)	Performance update on Risk and Audit Team including: <ul style="list-style-type: none"> • Audit Team • Health and Safety • Counter Fraud • Insurance and other risk areas such as Business Continuity 	Terms of Reference	Submitted and Approved	Quarterly update provided to Members
(5)	Provide a regular report on health and safety	Terms of Reference	Submitted and Approved	Quarterly update – incorporated in the Audit and Risk Performance Update report
	Risk Management Reports			
(6)	Review of the Quarterly Corporate Risk Register	Terms of Reference	Submitted and Noted	Quarterly update provided to

				Members
	Monitor Role			
(7)	Review of the Members Code of Conduct	Terms of Reference	N/A	Delayed until further notice
(8)	Review the Annual Governance Statement	Terms of Reference	N/A	Delayed until further notice
	Accounts, Financial Statements & Treasury Management Reports			
(7)	Write-offs of debt above £10,000	Terms of Reference	Submitted and Approved	Update to Members as and when required
(8)	Treasury Management Outturn	Terms of Reference	N/A	This was originally scheduled for consideration at the 6 September 2023 meeting but was able to be brought to Committee early due to the June A&G meeting being moved to 19 July 2023.
(9)	Treasury Management In-Year Position	Terms of Reference	N/A	This was originally scheduled for consideration at the 6 September 2023 meeting but was able to be brought to Committee early due to the June A&G meeting being moved to 19 July 2023.
	Ad hoc Reports (not on Work Programme)			

Agenda Item 12

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 13 December 2023
Subject:	Statement of Accounts 2020/21, 2021/22 and 2022/23		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

To provide an update on the progress of the audit of the Statement of Accounts for 2020/21, 2021/22 and 2022/23.

Recommendation(s):

The Audit and Governance Committee is asked to:

- (1) Note the progress of the external audit of the Statement of Accounts for 2020/21, 2021/22 and 2022/23 that is being conducted by Ernst and Young LLP.

Reasons for the Recommendation(s):

The Council, or nominated Committee charged with responsibility for Governance, must approve the Statement of Accounts, including the Annual Governance Statement. The Audit and Governance Committee has been delegated with this responsibility and is required to approve the audited Accounts prior to their publication.

The deadline for publication of the final approved Statement of Accounts for 2020/21 was 30 September 2021, for 2021/22 was 30 November 2022 and for 2022/23 is 30 September 2023. However, the regulations allow for a delay in publication where the audit has not yet been completed. This report explains the current position relating to the completion of the audits for these three years.

Alternative Options Considered and Rejected: (including any Risk Implications)
None

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What will it cost and how will it be financed?

(A) Revenue Costs

None

(B) Capital Costs

None

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):	
None	
Legal Implications:	
None	
Equality Implications:	
There are no equality implications.	
Impact on Children and Young People: No	
Climate Emergency Implications:	
The recommendations within this report will	
Have a positive impact	No
Have a neutral impact	Yes
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes

Contribution to the Council's Core Purpose:

Effective Financial Reporting supports each theme of the Councils Core Purpose.

<u>Protect the most vulnerable:</u>
See comment above.
<u>Facilitate confident and resilient communities:</u>
See comment above.
<u>Commission, broker and provide core services:</u>
See comment above.
<u>Place – leadership and influencer:</u>
See comment above.
<u>Drivers of change and reform:</u>
See comment above.
<u>Facilitate sustainable economic prosperity:</u>

See comment above.

Greater income for social investment:

See comment above.

Cleaner Greener:

See comment above.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services is the author of this report (FD 7465/23).

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 5566/23).

(B) External Consultations

None

Implementation Date for the Decision

Immediately following the Committee meeting.

Contact Officer:	
Telephone Number:	Tel: 0151 934 4106
Email Address:	paul.reilly@sefton.gov.uk

Appendices:

There are no appendices to this report

Background Papers:

There are no background papers available for inspection.

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1. Background

- 1.1 Since 2010/2011 the Audit and Governance Committee has only been required to approve the Statement of Accounts following the completion of the Audit. In 2017/2018 approval and publication of the audited Statement of Accounts was required by 31 July (previously 30 September).
- 1.2 However, since 2019/20 the deadlines for approval and publication of the audited Statement of Accounts has been changed a number of times. For 2019/20 the deadline was extended to 30 November 2020 to take into account the impact of COVID19 on the ability of finance teams and external auditors to complete the work required. For 2020/21 the deadline was extended to 30 September 2021 (from the statutory deadline of 31st July) and for 2021/22 was extended to 30 November 2022 (with a deadline of 31 July for the publication of the draft accounts). This was in response to the Redmond Review into the audit of local government which highlighted the fragility of the local audit market.
- 1.3 The Government have now implemented legislation that from 2022/2023 (to 2027/2028) the deadline for approving the audited Statement of Accounts will be 30 September rather than 31 July (with a deadline of 31 May for the publication of the draft accounts).
- 1.4 Although regulations require the publication of the Statement of Accounts by specific deadlines, the same regulations allow for this to be delayed where the audit has yet to be concluded. This delay needs to be published on our website. The publication of the final Statement of Accounts needs to take place *“as soon as reasonably practicable after the receipt of any report from the auditor which contains the auditor’s final findings from the audit which is issued before the conclusion of the audit”*.
- 1.5 Members will recall that updated Statement of Accounts for 2020/21 and 2021/22 were presented at a special meeting of the Committee on 27th September 2023, as were the draft Statement of Accounts for 2022/23. This report provides a further update on progress since then.

2. Current Position on the Completion of the Audit of the Statement of Accounts 2020/2021

- 2.1 The audit of the Statement of Accounts is expected to be completed imminently. A couple of changes to the Statement of Accounts presented to Committee on 27th September 2023 need to be finalised. These are as a result of work undertaken as part of the 2021/22 audit and relate to a change in the categorisation of grants in the Income and Expenditure Statement, as well as a reclassification of assets from Property, Plant and Equipment to Intangible Assets. All other outstanding issues have been resolved, with the external auditor required to undertake their final processes to complete the audit.
- 2.2 As approved by the Committee on 27th September 2023, the final updated Statement of Accounts for 2020/21 will be approved by the Chair under delegated authority, as will a revised Letter of Representation. The final Statement of Accounts will be presented to the Committee in March 2024.

3. Current Position on the Completion of the Audit of the Statement of Accounts 2021/2022

- 3.1 A couple of changes to the Statement of Accounts presented to Committee on 27th September 2023 need to be finalised. These relate to a reclassification of assets from Property, Plant and Equipment to Intangible Assets as well as a reduction in Short-Term Debtors and Receipts in Advance.
- 3.2 At present the audit of the Statement of Accounts for 2021/22 is in abeyance. The external auditor is considering whether any further assurance work is required to complete their audit. They are currently awaiting the outcome of national discussions by the Government on what measures might be put in place to ensure sufficient assurance has been gained to ensure audits can be concluded.
- 3.3 As approved by the Committee on 27th September 2023, the final updated Statement of Accounts for 2021/22 can be approved by the Chair under delegated authority, as can a revised Letter of Representation.
- 3.4 If the audit has been completed, the final Statement of Accounts for 2021/22 will be presented to the Committee in March 2024.

4. Current Position on the Completion of the audit of the Statement of Accounts 2022/2023

- 4.1 The draft Statement of Accounts for 2022/23 were presented to the Committee on 27 September 2023. The report noted that valuations of the Council's assets hadn't yet been finalised, so the impact had yet to be included in the financial statements. In addition a small number of notes hadn't been completed. The valuations were finalised by late October 2023 and a revised Statement of Accounts, including the impact of the valuations and the missing notes, was published at the beginning of November 2023.
- 4.2 As mentioned above, national discussions by the Government are taking place on what measures might be put in place to ensure sufficient assurance can be gained to ensure audits for 2022/23 can be concluded. Until these discussions have taken place and decisions made the external auditor is unable to formulate their audit plan for the year. Therefore, the majority of the work to be undertaken cannot yet commence.
- 4.3 However, some audit work has taken place, particularly around the work required to form an opinion on the Council's Value for Money arrangements.
- 4.4 An update on the status of the audit will be presented to the Committee in March 2024.

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