

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

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.
<u>Greater income for social investment:</u> See comment above.
<u>Cleaner Greener:</u> 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.

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Appendices:

There are no appendices to this report

Background Papers:

There are no background papers available for inspection.

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.