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| Report to: | Audit and Governance Committee | Date of Meeting: | Wednesday 19 June 2024 |
| Subject: | Draft Statement of Accounts 2023/2024 | | |
| Report of: | Executive Director of Corporate Resources and Customer Services | Wards Affected: | (All Wards); |
| Portfolio: | Corporate Services | | |
| Is this a Key Decision: | No | Included in Forward Plan: | No |
| Exempt / Confidential Report: | No | | |

Summary:

To present the draft unaudited 2023/2024 Statement of Accounts for consideration.

Recommendation(s):

The Audit and Governance Committee is asked to:

- (1) Receive and consider the draft 2023/2024 Statement of Accounts and provide feedback to officers on the issues identified; and,
- (2) Note the timetable for the completion of the external audit that will be conducted by Grant Thornton.

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 for 2023/2024 prior to its publication.

The deadline for publication is 30 September 2024. However, the regulations allow for a delay in publication where the audit has not yet been completed.

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:

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|--|------------------------|----|-----------------------|-----|------------------------|----|---|-----|
| Resource Implications (Financial, IT, Staffing and Assets): None | | | | | | | | |
| Legal Implications: This report complies with legislation, particularly the requirements of the Accounts and Audit (England) Regulations 2015 as amended by the Accounts and Audit (Amendment) Regulations 2022. | | | | | | | | |
| Equality Implications: There are no equality implications. | | | | | | | | |
| Impact on Children and Young People: No | | | | | | | | |
| Climate Emergency Implications: The recommendations within this report will | | | | | | | | |
| <table border="1"><tr><td>Have a positive impact</td><td>No</td></tr><tr><td>Have a neutral impact</td><td>Yes</td></tr><tr><td>Have a negative impact</td><td>No</td></tr><tr><td>The Author has undertaken the Climate Emergency training for report authors</td><td>Yes</td></tr></table> | 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 |
| 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:

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|--|
| Protect the most vulnerable: Not applicable |
| Facilitate confident and resilient communities: Not applicable |
| Commission, broker and provide core services: Not applicable |
| Place – leadership and influencer: Not applicable |
| Drivers of change and reform: Not applicable |
| Facilitate sustainable economic prosperity: Not applicable |
| Greater income for social investment: Not applicable |
| Cleaner Greener: Not applicable |

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 7687/24/24).

The Chief Legal and Democratic Officer (LD 5787/24) has been consulted and has no comments on the report.

(B) External Consultations

None

Implementation Date for the Decision

Immediately following the Committee meeting.

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Appendices:

The following appendix is attached to this report:

Appendix A – Draft Statement of Accounts 2023/2024

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 and doesn't need to approve the draft Statement of Accounts. However, the Council has continued to present the draft Statement of Accounts to the Committee so that it is able to consider the contents prior to the final audited version being presented for approval at a later date.
- 1.2 Since 2019/20 the deadlines for approval and publication of the audited Statement of Accounts have been changed a number of times. 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).
- 1.3 The draft Statement of Accounts for 2023/2024 were published on the 31 May 2024 in line with the regulations and are presented to Committee for their consideration.
- 1.4 The audit of the Statement of Accounts for 2023/2024 will be undertaken by the Council's new external auditors, Grant Thornton. Preliminary work has already been undertaken, with the main part of the audit due to commence at the end of June 2024. It is currently anticipated that the audit will be completed during September and the final audited accounts will be presented for approval at a special meeting of the Committee on 25 September 2024.
- 1.5 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"*.

2.1 Current Position on the audit of the Statement of Accounts for 2021/2022 and 2022/2023

- 2.1 As previously reported, there have been a number of delays relating to the audits of the Statement of Accounts for 2020/2021, 2021/2022 and 2022/2023 by the Council's previous external auditors, EY.
- 2.2 The audit of the Statement of Accounts for 2020/2021 was completed early in 2024 and the final audited document was published in February 2024.
- 2.3 A significant amount of audit work had previously been undertaken of the Statement of Accounts for 2021/2022. At present the audit is in abeyance. The external auditor, EY, is considering measures introduced by the Government to ensure sufficient assurance has been gained to ensure audits can be concluded, and therefore whether any further assurance work is required by EY to complete their audit. At present the Council is unaware of EY's intentions.

- 2.4 Whilst some initial Value for Money work has been undertaken by EY, the main elements of the audit of the Statement of Accounts for 2022/2023 has yet to commence, with EY again considering the measures introduced by the Government and the impact these will have on providing assurance. At present the Council is unaware of EY's intentions.
- 2.5 It should be noted that as part of the measures, the Government has produced draft changes to the Accounts and Audit Regulations to ensure that all outstanding audits up to and including 2022/2023 need to be concluded by the end of September 2024. As it's highly unlikely that EY will have undertaken sufficient work to gain enough assurance, the Council's accounts for 2021/2022 and 2022/2023 would be qualified. As this is a national issue, significant numbers of outstanding sets of local authority accounts will need to be qualified. The form these qualifications will take has still to be agreed, given most will relate to insufficient work being undertaken to reach a conclusion rather than identifying issues with the accounts themselves.
- 2.6 An update will be provided to Committee in September 2024.

3 The Content of the Statement of Accounts

- 3.1 The 2023/2024 Statement of Accounts is an important document, which aims to provide clear information about the Authority's finances for the year and is intended to answer:
- What the Authority's services cost for the year?
 - Where the money comes from to pay for these services?
 - What were the Authority's assets and liabilities at the year-end?
- 3.2 On 2 March 2023, the Council approved a revenue budget for 2023/2024 of £260.922m, which included £1.424m relating to the expenditure of Parish Councils.
- 3.3 At that time, it was anticipated that balances for non-school budgets would total £16.414m at 31 March 2024. The 2023/2024 Budget assumed an increase in general balances of £4.423m as part of a strategy to increase balances and ensure financial resilience.
- 3.4 Overall, actual expenditure for 2023/2024 on General Fund services (excluding Schools' delegated expenditure) was £0.114m higher than the Base Estimates after mitigating actions, but this still enabled the Local Authority to increase General Fund Balances by £4.309m.
- 3.5 The Statement of Accounts (attached as **Appendix A**) are also important in:-
- Demonstrating proper stewardship of public monies;
 - Providing evidence of the quality and robustness of the Authority's financial systems and processes;

- Indicating that current financial performance, monitoring and the Medium-Term Financial Plan are integrated processes which will assist the Council in improving its financial standing;
- Providing the key financial information, which will enable future plans and decisions to be made on the basis of known facts and available financial resources; and
- Providing a key line of communication to stakeholders on the Council's current financial performance. The draft Statement of Accounts was available online on Sefton's website from the beginning of June 2024.

3.6 The Statement of Accounts includes a Narrative Report, which focuses on the most significant matters reported in the document. A brief explanation of each Section is also provided (highlighting what it is intended to show) to aid the understanding of the Accounts.

3.7 For 2023/2024 there have been no significant changes to how the Statement of Accounts are produced or presented.