

Report Title: Statement of Accounts 2021/22 and 2022/23

Date of meeting:	20 November 2024		
Report to:	Audit and Governance Committee		
Report of:	Executive Director of Corporate Services and Commercial		
Portfolio:	Corporate Services		
Wards affected:	All wards		
Is this a key decision:	No	Included in Forward Plan:	No
Exempt/confidential report:	No		

Summary:

To present the final audited Statement of Accounts for 2021/22 and 2022/23, including the updated Annual Governance Statements, for consideration and approval, and also to consider the Completion Report from Ernst & Young LLP (EY).

In addition, the proposed “Letter of Representation” document to be provided by Sefton to EY is attached for approval.

Recommendation(s):

That Audit and Governance Committee:

- (1) Approve the Statement of Accounts for 2021/22 and 2022/23, subject to the final completion of the audit.
- (2) Delegate authority to the Chair to approve the final Statement of Accounts, on behalf of Audit and Governance Committee, following completion of the audit, should any changes be required to the current version approved by this Committee.
- (3) Approve the updated Annual Governance Statements for 2021/22 and 2022/23 (Section 11 of the Statement of Accounts).
- (4) Note the comments of Ernst & Young LLP within their Completion Report.
- (5) Approve the Letter of Representation, subject to completion of the audit, and Authorise the Chair and the Executive Director of Corporate Services and Commercial to sign it on the Council’s behalf.

- (6) Delegate authority to the Chair and the Executive Director of Corporate Services and Commercial to sign on the Council's behalf a revised Letter of Representation should the approved version need to be updated following the completion of the audit.

The Rationale and Evidence for the Recommendations

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 Statement of Accounts prior to their publication.

The deadline for publication of the final approved Statement of Accounts for 2021/22 was 30 November 2022, and for 2022/23 was 30 September 2023. However, the regulations allow for a delay in publication where the audit has not yet been completed. As a backstop date has been set for 13 December 2024 for audits to be finalised (for Statement of Accounts outstanding from 2022/23 and earlier years), so the Statement of Accounts are now being presented for approval in advance of this deadline.

1 Background

- 1.1 Since 2010/11 the Audit and Governance Committee has only been required to approve the Statement of Accounts following the completion of the Audit. In 2017/18 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 previous Government implemented legislation that from 2022/2023 (to 2027/2028) the deadline for approving the audited Statement of Accounts would 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 an updated Statement of Accounts for 2021/22 was presented at a special meeting of the Committee on 27th September 2023, as were the draft Statement of Accounts for 2022/23. The final Statement of Accounts for 2021/22 and 2022/23 are now presented for approval.
- 1.6 Members will also recall that the Government has issued proposals to try to resolve the issue of numerous local government audits still being outstanding. An overview of these proposals were reported to Audit and Governance in September 2024. The main impact on Sefton’s outstanding audits for 2021/22 and 2022/23 was the introduction of a backstop date of 13th December 2024. By this date the Statement of Accounts would need to be approved and the audits completed.

2 Current Position on the Completion of the Audit of the Statement of Accounts 2021/22

- 2.1 Committee on 27 September 2023 approved the 2021/22 Statement of Accounts, subject to the final completion of the audit. It should be noted that the vast majority of the audit had been completed when Committee approved the Statement of Accounts for 2021/22 in September 2023. However, a “disclaimed” opinion relating to the Statement of Accounts will still need to be issued.
- 2.3 The final Statement of Accounts for 2021/22 is attached as **Appendix A**. Since the previous approval of the Statement of Accounts in September 2023 the document has been updated for the following:
 - Some of the prior period comparators have been updated to take account of the final approved and audited Statement of Accounts for 2020/21.

- An adjustment between Debtors and Receipts in Advance identified during the audit has been made.
- The Annual Governance Statement has been updated to reflect activity since the Statement was originally signed.

3 Current Position on the Completion of the audit of the Statement of Accounts 2022/23

- 3.1 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.
- 3.2 It should be noted that, unlike for 2021/22, very little audit work has taken place on the Statement of Accounts for 2022/23. A "disclaimed" opinion on the Statement of Accounts will therefore need to be issued.
- 3.3 The final Statement of Accounts for 2022/23 is attached as **Appendix B**. Since the Statement of Accounts was previously considered by the Committee in September 2023 the document has been updated for the following:
- A small number of adjustments were identified following the publication of the Statement of Accounts in November 2023. These adjustments were outlined in the Notes of the Statement of Accounts for 2023/24 and prior period comparators were amended to reflect these changes.
 - A further adjustment relating to 2022/23 was identified during the audit of the Statement of Accounts for 2023/24. This relates to the derecognition of schools converting to academy status.
 - The Annual Governance Statement has been updated to reflect activity since the Statement was originally signed.

4 Annual Governance Statement

- 4.1 The "Annual Governance Statement" is required to be presented with the Statement of Accounts. The updated statements for 2021/22 and 2022/23 are included as section 11 of the Council's Accounts and need to be formally accepted by this Committee.

5 Ernst & Young's Report to those charged with Governance.

- 5.1 The EY Completion Report for those charged with Governance is attached at **Appendix C**. The report covers the audit of the Statement of Accounts and Value for Money work undertaken by EY covering the years 2021/22 and 2022/23. Staff from EY will be present at the meeting to provide a summary of the issues contained in the report and to answer any questions Members may have.

6 Letter of Representation

- 6.1 The Council is required to provide a letter of representation to the Auditor at the conclusion of the audit. This acknowledges the Council's responsibilities in preparing the Accounts

and provides the assurance to EY that no new information or decisions have been taken that would materially affect the Statement of Accounts for the year. Sefton's letter is attached at **Appendix D**. No issues or decisions have been made / need to be disclosed. The letter has to be signed by the Chair of the Audit and Governance Committee and the Executive Director of Corporate Services and Commercial.

6.2 Should the approved version need to be updated following the completion of the audit, it is proposed to delegate authority to the Chair and the Executive Director of Corporate Services and Commercial to sign on the Council's behalf a revised Letter of Representation.

Financial Implications

None

Legal Implications

The Accounts and Audit Regulations (2015) will be amended through secondary legislation.

Corporate Risk Implications

The reporting of the Council's financial position each year through the Statement of Accounts, and the subsequent issuing an audit opinion from the Council's external auditor, supports its Financial Sustainability in 2024/25 and future years.

Staffing HR Implications

None

Conclusion

The introduction of measures by the Government means that the outstanding audits for 2021/22 and 2022/23 need to be finalised by the 13 December 2024. This report presents the final Statement of Accounts for 2021/22 and 2022/23 for approval.

Alternative Options Considered and Rejected

None.

Equality Implications: There are no equality implications.
Impact on Children and Young People: None.
Climate Emergency Implications:

The recommendations within this report will have a neutral impact.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Services and Commercial is the author of this report (FD7857/24/24).

The Chief Legal and Democratic Officer (LD5958/24) has been consulted and any comments have been incorporated into the report.

(B) External Consultations

None

Implementation Date for the Decision:

Immediately following the meeting.

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Appendices:

The following appendices are attached to this report:

Appendix A – Statement of Accounts 2021/22

Appendix B – Statement of Accounts 2022/23

Appendix C – Completion Report for Those Charged with Governance– years ended 31 March 2022, 31 March and 2023 - Ernst & Young LLP

Appendix D – Letter of Representation - years ended 31 March 2022, and 31 March 2023

Background Papers:

There are no background papers to this report.

