

Part A

Report to: **Audit Committee**

Date of meeting: **Thursday, 15 September 2022**

Report author: **Head of Finance**

Title: **Statement of Accounts Update**

1.0 Summary

1.1 This report sets out the latest position for the external audit of the Statement of Accounts for 2019/20, 2020/21 and 2021/22.

2.0 Risks

2.1

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
The Council's Statement of Accounts are not approved and audited within the statutory timeframe	Failure to comply with statutory timeline impacts on audit opinion	Proactive liaison with the external audit team	Tolerate	4
Changes to accounting policies are not properly reflected in the Statement of Accounts	Material mis-statement or qualification	Review accounting policies annually. Maintain awareness of future changes	Treat	4

Changes to accounting policies have an impact on the revenue budget or capital programme.	Impact on reserves, especially where not identified at budget setting.	Maintain awareness of future changes	Tolerate	6
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3.0 Recommendations

3.1 To note the latest timetable for completion of the external audit of the statement of accounts for 2019/20, 2020/21 and 2021/22.

Further information:

Hannah Doney
hannah.doney@threerivers.gov.uk

Report approved by:

Alison Scott, Shared Director of Finance

4.0 Detailed proposal

4.1 Statement of Accounts 2019/20

4.1.1 Officers continue to work with the external auditors, Ernst Young (EY), to progress the outstanding issue in relation to accounting for infrastructure assets. It is expected that the accounts can be signed off by the end of September 2022 subject to completion and review of the final amended draft and following the conclusion of an internal review process within EY.

4.2 Statement of Accounts 2020/21

4.2.1 The audit of the Statement of Accounts 2020/21 commenced on 4 July 2022. An update from EY on progress towards concluding the audit is elsewhere on the agenda.

4.2.2 There are two key areas where the Council is reliant on external experts to provide further information in order for EY to conclude their work in these areas. These are:

- Pension Fund Valuation – information required from the Actuary
- Investment Property Valuation – information required from the external valuer

4.2.3 Work will continue to progress the 2020/21 audit during September with the anticipation that it can conclude shortly after the signing of the 2019/20 accounts.

4.2.4 At this stage there have been no significant issues raised with Officers by EY arising from the 2020/21 audit with the majority of agreed changes reflecting findings that have rolled forward from the 2019/20 audit. This is because the original 2020/21 draft accounts, authorised for issue on 31 July 2021, were prepared in advance of concluding the response to the 2019/20 audit findings.

4.3 **Statement of Accounts 2021/22**

4.3.1 The draft Statement of Accounts 2021/22 was authorised for issue by the Director of Finance and [published on the Council's website](#) on 31 July 2022 in line with the statutory timeframe. The period of public inspection ran from 1 August to 12 September 2022.

4.3.2 The brought forward balances and comparator figures for 2020/21 will be updated in the draft 2021/22 accounts following the conclusion of the 2020/21 audit. As previously reported to the Committee, the audit of the 2021/22 accounts is expected to commence in January 2023.

4.3.3 [Analysis published by Room 151](#), an online news service, found that only 69% of local authorities met the deadline of 31 July to publish draft accounts with the figure falling to 63% amongst lower tier authorities. This compares to 77% for all authorities and 72% for lower tier authorities for the 2020/21 draft accounts. The fall in compliance reflects continuing challenges across the sector as a result of audit delays and resourcing issues. This is likely to have a knock on impact on compliance with the statutory deadline for the publication of audited accounts by 30 November.

4.4 **Appointment of External Auditors for 2023/24 onwards**

4.4.1 On 24 January 2022, Council agreed to opt into the national procurement for external audit services for the five year period beginning on 1 April 2023, led by Public Sector Audit Appointments Limited (PSAA).

4.4.2 The PSAA issued the invitation to tender on 7 April 2022 and audit firms had until 11 July 2022 to submit responses.

4.4.3 On 24 August 2022 the PSAA confirmed that this process has secured 96.5% of the capacity required to enable auditor appointments to all bodies that have opted into the PSAA's national scheme. A rapid supplementary procurement for four small-sized Lots was launched on 25 August 2022 to secure the remaining capacity needed with an invitation issued to nine registered suppliers that completed pre-qualification checks earlier in the process.

4.4.4 A full statement about the outcome of the procurement is expected in September following the conclusion of the supplementary procurement.

5.0 **Implications**

5.1 **Financial**

5.1.1 The Shared Director of Finance comments that there are no direct financial implications arising from this report.

5.2 **Legal Issues** (Monitoring Officer)

5.2.1 The Group Head of Democracy and Governance comments that the Accounts and Audit Regulations 2015 require councils to undertake an annual review of their governance. The Regulations require that an Annual Governance Statement, prepared to fulfil this requirement, should form part of the Council's Statement of Accounts.

5.3 **Equalities, Human Rights and Data Protection**

5.3.1 Under s149 (1) of the Equality Act the council must have due regard, in the exercise of its functions, to the need to –

- eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act
- advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share them
- foster good relations between persons who share relevant protected characteristics and persons who do not share them.

Having had regard to the council's obligations under s149, it is considered that there are no equalities or human rights implications.

5.4 **Staffing**

5.4.1 There are no staffing implications arising from this report.

5.5 **Accommodation**

5.5.1 There are no accommodation implications arising from this report.

5.6 **Community Safety/Crime and Disorder**

5.6.1 There are no community safety/crime and disorder implications arising from this report.

5.7 **Sustainability**

5.7.1 There are no sustainability implications arising from this report.

Background Papers

Statement of Accounts and Annual Governance Statement 2021/22 report to Audit Committee 28 July 2022

Appendices

None