

Part A

Report to: Audit Committee

Date of meeting: Thursday, 25 May 2023

Report author: Head of Finance

Title: Statement of Accounts and Annual Governance Statement 2022/23

1.0 Summary

1.1 This report sets out the timeframe for publication of the draft Statement of Accounts 2022/23 and seeks approval for the Annual Governance Statement 2022/23.

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
---	--	--------------------------------------	----------	---

3.0 Recommendations

3.1 To approve the Annual Governance Statement 2022/23

3.2 To note that the Director of Finance will authorise for issue a Draft Statement of Accounts 2022/23 for public inspection by 31 May 2023

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 2022/23

4.1.1 The Accounts and Audit Regulations 2015 set out the statutory timetable for the publication of the Council's unaudited accounts and completion of the external audit. The amended regulations extend the deadline for audited accounts to 30 September 2023 from 31 July. However, there has not been any extension to the deadline for publication of draft accounts which must be published by 31 May 2023. This will enable the 30 day period of public inspection to commence no later than 1 June 2023.

4.1.2 The Draft Statement of Accounts for 2022/23 will be authorised for issue by the Director of Finance by 31 May 2023. A link to the draft accounts will be provided to members of the committee.

4.1.3 Due to the delays in completing the audit for 2020/21 and 2021/22 there technical accounting adjustments relating to asset valuations will not be complete within the draft accounts. In addition, the accounting adjustments in relation to the pension liability will also not be completed by 31 May due to a delay in receiving the information from the pension fund actuary. This delay has arisen due to the impact

of the triannual valuation which has required the actuary to revisit calculations for 2021/22 in addition to completing the reports for 2022/23.

4.2 Annual Governance Statement 2022/23

4.2.1 Local authorities are required to prepare an Annual Governance Statement (AGS) to be transparent about their compliance with good governance principles. This includes reporting on how they have monitored and evaluated the effectiveness of their governance arrangements in the previous year and setting out any planned changes in the coming period.

4.2.2 The AGS must be published alongside the Statement of Accounts for the period of Public Inspection.

4.2.3 The AGS is approved by the Chief Executive and the Leader of the Council. The Audit Committee has the responsibility of reviewing the Council's AGS each year and considering whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

4.2.4 The AGS follows the principles and best practice advocated by CIPFA (The Chartered Institute of Public Finance and Accounting), the body which advises on good governance.

4.2.5 The AGS for 2022/23 is published at Appendix 1 to this report. It includes an outline of the Council's governance framework, a review of the effectiveness of the arrangements, and a conclusion in relation to the effectiveness.

4.2.6 Based on the information set out in the AGS, the following conclusion is included:

"It is our opinion that the Council's governance arrangements in 2022/23 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2023/24."

4.3 Financial Management Code of Practice

4.3.1 The CIPFA Financial Management Code of Practice (FM Code) sets out the 'gold standard' for financial management arrangements in local government. The FM Code does not have statutory status but brings together best practice and statutory guidance including the Prudential Code for Capital Finance in Local Authorities. Local authorities have been required to comply with the FM Code since April 2021.

4.3.2 The Redmond Review into the effectiveness of Local Government audit, which reported in September 2020, suggested that government could consider giving the FM Code statutory status and bringing compliance with code into the remit of the

external audit regime. This remains under consideration by DLUCH. In the meantime, CIPFA have mandated local authorities to disclose compliance with the FM Code in the AGS and identify any outstanding areas for improvement or change.

4.3.3 To meet this requirement, a self-assessment against the FM Code for 2022/23 has been completed and is included as Appendix 2 within the AGS. All areas covered by the FM Code are rated green with the exception of the assessment against external reporting requirements in relation to the completion of the annual Statement of Accounts. This is rated amber in recognition that the delay in completing the audit of the accounts for 2020/21 and 2021/22 which has impacted on the timeliness of external reporting. Officers continue to work with the current external auditors, EY, to bring this this back within the statutory timeframe ahead of the transition to the Council's new auditors for 2023/24 onwards.

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

None

Appendices

Appendix 1 - Annual Governance Statement 2022/23