



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Governance and Audit Committee

12 July 2023

Report of Councillor Ashley Baxter
Deputy Leader of the Council

2021/22 and 2022/23 Statement of Accounts Update

Report Author

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Purpose of Report

To update the Committee on the progress of the audit of the 2021/22 Statement of Accounts and the delayed publication of the draft unaudited Statement of Accounts for 2022/23.

Recommendations

It is recommended that the Governance and Audit Committee:

- **Notes the progress of the audit of the 2021/22 Statement of Accounts**
- **Delegates authority to the Chief Finance Officer to make any final wording changes and accounting adjustments to the 2021/22 Statement of Accounts following the conclusion of any outstanding audit queries.**
- **Delegates approval of the audited 2021/22 Statement of Accounts and the Letter of Representation to the Chairman on behalf of the Governance and Audit Committee in consultation with the Chief Finance Officer following the completion of the audit.**

Decision Information

| | |
|---|-------------------------|
| Does the report contain any exempt or confidential information not for publication? | No |
| What are the relevant corporate priorities? | High performing Council |
| Which wards are impacted? | All |

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

1.1 The financial considerations are contained in the report.

Completed by: Richard Wyles, Chief Finance Officer

Legal and Governance

1.2 Delays in the auditing of the 2021/22 accounts have detrimentally impacted the timescales associated with the 2022/23 accounts. The statutory deadline for the completion of the audit of the 2022/23 accounts is 30 September 2023. The Council's external auditors have confirmed that this deadline is unlikely to be met. Further details and explanation are set out in the body of the report.

Completed by: Graham Watts, Assistant Director of Governance and Monitoring Officer

2. Background to the Report

2.1 The draft 2021/22 Statement of Accounts were review by the Governance and Audit Committee on 20 July 2022 and subsequently published on 29 July 2022. Updated Statement of Accounts were presented to the Governance and Audit Committee on 30 November 2022 which reflected the changes that had been identified by the Finance Team and those agreed with our external auditors, Grant Thornton.

2.2 In accordance with the Accounts and Audit (Amendment) Regulations 2022, the target date for completing the 2021/22 audit and publishing the final accounts was 30 November 2022 which the Council did not meet due to delays beyond its control. These delays are commonplace amongst local authorities with only 12% achieving the 30 November deadline.

- 2.3 Since the last update to the Committee in November 2022, significant progress has been made with the external auditing of the accounts. With the exception of Property, Plant and Equipment (PPE) and Pensions the audit has been finalised for all sections of the accounts.
- 2.4 With respect to PPE external audit has requested additional information from the Council and the external valuers to enable them to audit the property valuations included in the accounts. This information has now been provided to the audit team in order for them to finalise the audit of this important area of the Council's accounts.
- 2.5 Following the completion of the triennial review of the pension fund in 2022/23 external audit has requested an updated 2021/22 IAS 19 Pension Valuation Report to enable them to establish whether the review has had a material impact on the pension information included in the accounts. The Finance Team has analysed the information and initial indications are that the core statements and Note 33 - Defined Benefit Pension Scheme will need to be amended to reflect the updated IAS 19 valuation information received. This information has been provided to the audit team for review.

2021/22 Statement of Accounts

- 2.6 The draft Statement of Accounts were published on 29 July 2022. The Statement of Accounts presented to Governance and Audit Committee on 30 November 2022 were updated to reflect the changes listed in Table 1. The updated set of draft accounts presented to the committee on 30 November 2022 are available at the following location <http://moderngovsvr/documents/s36289/Appendix%20A%20-%202021-22%20Updated%20Draft%20Statement%20of%20Accounts.pdf>. Since presenting this information to the Committee a further amendment has been agreed with audit with respect to the Group Accounts. The value of the properties to be sold by Gravitax at 31 March 2022 have been included in the balance sheet in assets held for sale rather than inventory. This amendment will be included in the audited Statement of Accounts.

2.7 Audit Adjustments

Table 1 shows the amendments that have made to the draft accounts as at 30 November 2022:

Table 1 – Notes

| Page | Note | Description |
|------|------|--|
| 7 | 5 | Prior Period Adjustments – wording amended to state no prior period adjustments as this information related to the 2020/21 Statement of Accounts |
| 15 | 13 | Officer Remuneration – bracket £50k-£55k has been amended from 4 to 5 officers. |
| 23 | 19 | Valuation Assumptions amended to include - A full year of depreciation is charge in the year of acquisition and none in the year of disposal. |

| | | |
|----|-----|---|
| 30 | 24 | Financial Instruments – Long term debtors amended from £0.877m to £0.480m due to the reclassification of the Gravitas loan from long term to short term debtors. |
| 39 | 31 | Operating Leases: No Later than 1 year amended from £637k to £663k: between 1 – 5 years amended from £1.775m to £1.877m: and later than 5 years amended from £2.088m to £2.048m. The total of the table has increase from £4.5m to £4.588m. |
| 45 | 33g | Basis of Estimating Assets and Liabilities – rate of increase in salaries amended from 2.6% to 3.6%. |
| 56 | 40 | Audit Fees – the Draft Audit Plan was not received prior to the draft accounts being published so the PSAA published audit fees figure was used in the accounts. The total audit fee has been amended from £55k to £89k |

2022/23 Statement of Accounts

- 2.8 The delay to the completion of the audit of the 2021/22 accounts has resulted in the Council not meeting the statutory deadline of 31 May 2023 for the publication of unaudited draft Statement of Accounts for 2022/23 as audited opening balances are required. A notice of the Delay to the Publication of the Unaudited Draft Statement of Accounts for 2022/23 has been included on our website <http://www.southkesteven.gov.uk/CHttpHandler.ashx?id=29368&p=0>.
- 2.9 The Council has had discussions with Grant Thornton regarding the audit of the 2022/23 Statement of Accounts which they have confirmed is scheduled to commence during August 2023. The statutory deadline for the completion of the audit of the 2022/23 accounts is 30 September 2023 however external audit has confirmed that it is unlikely this date will be met.

3. Other Options Considered

- 3.1 Not applicable.

4. Reasons for the Recommendations

- 4.1 Section 21(2) of the Local Government Act 2003 requires that the Statement of Accounts is prepared in accordance with the statutory framework established by the Accounts and Audit Regulations (England) 2015. In accordance with the Accounts and Audit (Amendment) Regulations 2022 once the accounts have been audited, they must be published.