

Statement of Accounts 2021/22

Report of the Head of Finance and Revenues

Recommended:

1. **Ernst & Young's Annual Audit Results Report (Annex 1 to the report):**
 - a. **That the matters raised in the report be considered,**
 - b. **That the proposed audit opinion and value for money conclusion be noted.**
2. **That the Head of Finance & Revenues and the Chairman of the Audit Committee be authorised to sign letter of representation (Annex 2 to the report) on conclusion of final audit work.**
3. **That the Head of Finance & Revenues and the Chairman of the Audit Committee be authorised to approve the audited Annual Statement of Accounts for the financial year 2021/22 (Annex 3 to the report) on completion of final audit work.**

SUMMARY:

- The Council is required to prepare an Annual Statement of Accounts and have those accounts audited. This report presents the Annual Statement of Accounts together with an interim Annual Audit Results Report of the Council's external auditors, Ernst & Young.
- The Statement of Accounts is expected to be issued with an unqualified opinion; this means the auditors have found no unadjusted material errors or misstatements in the accounts.

1 Introduction

- 1.1 The Council is required to produce and approve an Annual Statement of Accounts for each financial year.
- 1.2 The audit of the accounts for the year ended 31st March 2022 has been undertaken by Ernst & Young (EY) and is nearing completion. The Annual Statement of Accounts, together with an interim auditor's Annual Audit Results Report are presented for the Audit Committee's consideration.

2 Ernst & Young's Annual Audit Results Report

- 2.1 At the time of writing this report, EY were awaiting the final feedback from their specialist valuation team regarding the valuation of four property assets. EY cannot conclude their audit until this report is received.

- 2.2 Therefore, the Annual Results Report, shown in Annex 1, contains reference to outstanding valuations work and is not a final report for the committee to receive.
- 2.3 However, the audit is complete in all other respects and the Annual Results Report does provide commentary on the various conclusions expected to be drawn by EY from their audit work.
- 2.4 An unqualified opinion is expected to be given on the Annual Statement of Accounts. This means that the auditors have found no material areas of concern as part of their audit where suitable adjustments to the accounts have not been made.

3 2021/22 Statement of Accounts

- 3.1 As has been identified above, the audit of the accounts is not yet completed and it is therefore not possible to seek the Audit Committee's approval of the 2021/22 Statement of Accounts at this meeting.
- 3.2 However, the majority of the audit is complete and it is not anticipated that significant changes will need to be made at the conclusion of the outstanding audit work. To prevent further delays in approving the 2021/22 accounts, it is therefore recommended that the Chairman of the Audit Committee and the Head of Finance & Revenues be given delegated authority to sign the final accounts once all audit work has been concluded.
- 3.3 An update will be brought to the next Audit Committee meeting if any changes are required to amend the Statement of Accounts before they are approved.
- 3.4 Aside from minor presentational changes, there have been three areas where changes have been made to the accounts from the version that was approved for audit. These have previously been discussed during progress updates on the audit. In summary, they are:
- A change to the provision for business rates appeals. This was needed to correct an error in the original calculation and to take account of information that became available after the balance sheet date.
 - A correction of a split between financial instruments and investment property additions.
 - Reclassification of one property from land and buildings to community assets
- 3.5 Councillors should consider the Council's Annual Governance Statement, shown at the end of the Statement of Accounts (Annex 3), as part of their consideration of the Statement of Accounts. This remains unchanged from the statement approved by Council on 8th June 2022.
- 3.6 It is necessary to send a Letter of Representation to EY at the conclusion of the audit confirming that all appropriate regulations and guidelines have been followed. The draft letter is shown in Annex 2 to the report.

3.7 For similar reasons to those set out in paragraph 3.2, it is recommended that the Chairman of the Audit Committee and Head of Finance & Revenues be authorised to sign the Letter of Representation once all audit matters have been concluded to their satisfaction.

4 Risk Management

4.1 An evaluation of the risks associated with the matters in this report indicate that further risk assessment is not needed because the issues covered do not represent significant risks.

5 Conclusion and reasons for recommendation

5.1 The audit of the 2021/22 Statement of Accounts is nearing its conclusion. As it is considered unlikely that there will be any significant changes required at the conclusion of all audit work, it is considered most expedient for authorisation to be given to the Chairman and Head of Finance & Revenues to approve the accounts and Letter of Representation at the appropriate time.

5.2 It is expected that EY will issue an unqualified opinion in respect of the Annual Statement of Accounts.

5.3 The reason for the recommendation is to comply with a statutory duty to approve the Council's audited Statement of Accounts each year.

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| <u>Background Papers (Local Government Act 1972 Section 100D)</u> | | | |
| None | | | |
| <u>Confidentiality</u> | | | |
| It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public. | | | |
| No of Annexes: | 3 | File Ref: | N/A |
| (Portfolio: Finance and Resources) Councillor M Flood | | | |
| Officer: | Carl Whatley | Ext: | 8540 |
| Report to: | Audit Committee | Date: | 27 March 2023 |