

REPORT TITLE: PLANNING FOR AND THE AUDIT OF THE 2021/22 ACCOUNTS

8 MARCH 2022

REPORT OF CABINET MEMBER: CLLR CUTLER – DEPUTY LEADER AND
CABINET MEMBER FOR FINANCE AND SERVICE QUALITY

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WARD(S): ALL

PURPOSE

The purpose of this report is to update the committee on the actions taken to ensure that the Statement of Accounts for 2021/22 is fully compliant with statutory requirements and to make the committee aware of changes impacting on the statements.

RECOMMENDATIONS:

1. That the committee notes this report in respect of the council's Statement of Accounts for 2021/22. "

IMPLICATIONS:

1 COUNCIL PLAN

- 1.1 *Your Services, Your Voice*- The preparation of the annual accounts is fundamental to open and transparent accountability for public finances. Ensuring strong financial reporting and transparent stewardship of public funds underpins the council's ability to deliver all its outcomes but in particular the priority to ensure stable council finances.

2 FINANCIAL IMPLICATIONS

- 2.1 The scale fee for the audit of the 2021/22 accounts published by Public Sector Audit Appointments (PSAA) who are the appointing body on behalf of the council is £43,379. The auditor's final proposed fee for the equivalent audit of the 2020/21 accounts is £72,549 (this includes an additional cost of £14,670 for rebasing the fee and a scale fee variation of £14,500), the additional fee is still subject to approval by PSAA.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 Local authorities in the UK are required to prepare their accounts in accordance with 'proper (accounting) practices' as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code). The Code specifies the principles and practices of accounting, required to prepare financial statements that give a true and fair view of the financial position and transactions of a local authority.
- 3.2 The Audit and Accounts Regulations 2015 require an authority to conduct a review, at least once a year, of the effectiveness of its system of internal control and include a statement reporting on the review alongside the Statement of Accounts.
- 3.3 The necessity to conform to these Regulations and the Code is recognised accurately in this report.

- 3.4 There are no direct legal implications.

4 WORKFORCE IMPLICATIONS

- 4.1 None.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None.

6 CONSULTATION AND COMMUNICATION

6.1 A public notice is published to inform interested parties of their rights to inspect the statement of accounts and records relating to them. The public notice also details how to access this information and how to ask questions of and make objections to the council's external auditor. This is published the day following publication of the unaudited Annual Financial Report.

7 ENVIRONMENTAL CONSIDERATIONS

7.1 None

8 EQUALITY IMPACT ASSESSEMENT

8.1 None arising from the content of the report. However, officers consider the Council's responsibilities under the Equalities Act 2010 when making any recommendations and decisions; completing an Equality Impact Assessment when required.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 Not required.

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<u>Reputation</u> The financial statements receive an adverse external audit opinion	The statements are prepared in accordance with the CIPFA code of practice. Accounts staff attend public sector accounting workshops delivered annually by EY and CIPFA, prior to the accounts closedown period and preparing the financial statements. There is regular and early engagement with external audit on any potential issues identified.	
<u>Timescales</u> Failure to meet the statutory deadline for publication of the Annual	A project plan for the delivery of the accounts' closedown is used to	

Financial Report.	<p>ensure that the Annual Financial Report is produced to the statutory and audit deadlines.</p> <p>A comprehensive set of working papers in accordance with audit requirements is prepared in advance of the external audit.</p>	
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11 SUPPORTING INFORMATION:

Background

- 11.1 The Statement of Accounts is prepared in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and any subsequent Local Authority Accounting Panel (LAAP) recommendations. The purpose of this report is to inform the committee of significant Code and other changes applicable to the 2021/22 financial year that will impact on the council's financial statements.

The council's accounting policies

- 11.2 There are no proposed changes to the council's accounting policies in 2021/22.

Changes to the council's Financial Statements

- 11.3 There are no accounting changes within the 2021/22 Code that will have a significant impact on the council's 2021/22 Statement of Accounts.
- 11.4 On 3 February CIPFA/LASAAC issued an emergency consultation in respect of 2021/22 and 2022/23 Accounting codes. The consultation is as a result of a perceived need to take action because only 9% of audited 2020/21 financial statements were published by the 30 September 2021 deadline. Proposals being consulted on include temporary suspension of Property Plant and Equipment (PPE) current valuations and further deferral of the implementation of International Financial Reporting Standard 16, *Leases*, to 2023/24. The consultation process is due to end 3rd March 2022 and any changes to the Code are required to be made before 31st March 2022.

Accounts preparation materiality

- 11.5 The identified users of the council's Statement of Accounts primarily refer to the balance sheet for high level information about the council's assets and liabilities but have a closer interest in the council's expenditure on and funding of services included within the comprehensive income and expenditure statement.

- 11.6 It is proposed to maintain the materiality levels set in the previous financial year; a £1 million materiality level for the balance sheet; and £0.125 million materiality level for the comprehensive income and expenditure statement.

Changes to the timetable

- 11.7 The Accounts and Audit Regulations (2015) were amended for 2020/21 and 2021/22 because of the pandemic, the deadline for the publishing the unaudited financial statements was extended to 31st July and the deadline for publishing the audited statements was moved to 30th September.

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 None.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

None.

Other Background Documents:-

CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

APPENDICES:

None.