

REPORT Title: DRAFT ANNUAL FINANCIAL REPORT 21/22

21 JULY 2022

REPORT OF CABINET MEMBER: Cllr Margot Power, Cabinet Member for Finance and Value

Contact Officer: Liz Keys Tel No: 01962 848226 Email Lkeys@winchester.gov.uk

WARD(S): ALL

PURPOSE

This report highlights the key issues arising from the production of the Draft Statement of Accounts for the year ended 31 March 2022.

It is important that Members consider the key issues contained in the draft financial statements and their supporting notes. Members are requested to raise any matters of detail with the Corporate Head of Finance in advance of the meeting.

RECOMMENDATIONS:

That the Audit and Governance Committee:

1. Note the report in respect of the council's Draft Statement of Accounts for 2020/22.
2. Take the opportunity to discuss the content of this report and ask any questions regarding the Draft Statement of Accounts 2021/22 with officers present at the meeting.

IMPLICATIONS:**1 COUNCIL PLAN OUTCOME**

- 1.1 *Your Services, Your Voice* - The preparation of the Annual Financial Report 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 planned fee for the audit of the 2021/22 accounts is £43,379. EY is seeking agreement from the fee setting body Public Sector Audit Appointments (PSAA) to rebase the audit fees, increasing them on an ongoing basis by an additional £17,153 per year. Fee increases above scale are subject to PSAA agreement and the increase for the previous year's fee has not been decided by PSAA.

- 2.2 EY have included the following summary of the proposed fees for the 2021/22 audit in their Audit Planning Report for the year ended 31 March 22 (AG083):

	Planned fee 2021/22	Scale fee 2021/22
	£	£
Scale Fee	43,379	43,379
Scale Fee Rebasing: Changes in work required to address professional and regulatory requirements and scope associated with risk (1)	17,153	
Revised Proposed Scale Fee	60,532	43,379

- 2.3 In past years, in addition to the scale fee rebasing, EY have submitted to PSAA scale fee variations for additional work they have conducted over and above the original audit scope. The variation submitted to the PSAA for 2020/21 was £16,166 and this is still subject to agreement with the 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 2020/21 (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.

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 will be published the day following publication of the unaudited Annual Financial Report.

7 ENVIRONMENTAL CONSIDERATIONS

7.1 None

8 PUBLIC SECTOR EQUALITY DUTY

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 None required

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
Reputational: The financial statements receive an adverse external audit opinion.	The statements are prepared in accordance with the CIPFA code of practice. Accounts staff attend regular public sector accounting workshops	

	delivered by EY and CIPFA. Regular engagement with external audit on potential issues identified.	
Achievement of outcome: Failure to produce financial statements in compliance with statutory deadlines.	A comprehensive project plan for the delivery of the accounts closedown is used to ensure the Statement of Accounts and Annual Financial Report are produced by the statutory and audit deadlines.	

11 SUPPORTING INFORMATION:

- 11.1 The Accounts and Audit (Amendment) Regulations 2021 (SI 2021/263) extend the statutory audit deadline for 2020/21 for all local authorities, apart from health service bodies. The publication date for audited accounts has moved from the 31 July to 30 November 2022 for the 2021/22 financial year.
- 11.2 To give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of June has been removed. Instead, local authorities must commence the public inspection period on or before the first working day of August 2022. This means that draft accounts that must be confirmed by the responsible finance officer must be published by 31 July 2022 at the latest.

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 Not applicable

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

None

Other Background Documents:-

None

APPENDICES:

Appendix 1 - Draft (unpublished) Annual Financial Report 2021/22