

REPORT TITLE: PLANNING FOR AND AUDIT OF 2022/23 ACCOUNTS

2 MARCH 2023

REPORT OF CABINET MEMBER: CLLR POWER – CABINET MEMBER FOR FINANCE AND VALUE

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

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 2022/23 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 2022/23.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

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 2022/23 accounts published by Public Sector Audit Appointments (PSAA) who are the appointing body on behalf of the council is £52,379. The comparative scale fee for the 2021/22 was £43,379. The auditor's proposed fee for the equivalent audit of the 2021/22 accounts is £75,214 (this includes an additional cost of £17,153 for rebasing the fee and a scale fee variation of £14,682); 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 2022/23 (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 PUBLIC SECTOR EQUALITY DUTY

8.1 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.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None required.

10 RISK MANAGEMENT

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

	<p>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>	
--	--	--

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 2022/23 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 2022/23.

Changes to the council's Financial Statements

- 11.3 There are no accounting changes within the 2022/23 Code that will have a significant impact on the council's 2022/23 Statement of Accounts.
- 11.4 In February 2022 CIPFA/LASAAC issued an emergency consultation in respect of the 2021/22 and 2022/23 Accounting codes which was in response to the low number (9%) of audited 2020/21 financial statements actually meeting the publication deadline. As an outcome of the consultation the mandatory date for implementing IFRS 16 (Leases) was deferred to the 2024/25 financial year.
- 11.5 Accounts preparation materiality
- 11.6 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.
- 11.7 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

- 11.8 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.
- 11.9 The 2022 Amendments to the Accounts and Audit Regulations move the audited statements publication deadline to 30th September for the next five financial years (up to and including 2027/28). We understand that the deadline for publishing the unaudited financial statements will revert to 31st May but this has yet to be confirmed and is the subject of Government consultation closing on 2nd March 2023.

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 2022/23.

APPENDICES:

None.