

REPORT TITLE: ANNUAL FINANCIAL REPORT 22/23

28 NOVEMBER 2024

REPORT OF CABINET MEMBER: Cllr Neil Cutler, Deputy Leader and Cabinet Member for Finance and Performance

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WARD(S): ALL WARDS

PURPOSE

This report presents the audited Annual Financial Report 2022/23 which includes:

- a narrative statement (for noting); and
- the audited Statement of Accounts for the year ended 31 March 2023 (for approval).

The Accounts and Audit (Amendment) Regulations 2015 were amended in 2024 for financial years 2015-2027 as part of measures to address the audit backlog. The 2022/23 financial statements and those still outstanding from earlier years must be published by 13th December 2024

The Audit and Governance Committee has delegated powers to review and approve the annual Statement of Accounts. The Committee has specific responsibility to consider the appropriateness and application of accounting policies and whether there are any concerns arising from the financial statements' audit.

Elsewhere on the agenda the External Auditors have presented their Audit Completion Report which includes a proposed disclaimer opinion (AG143). It is important that Members have considered the key issues contained in the Accounts. Members have had the opportunity to raise any queries regarding the Financial Statements in the period since the pre-audit accounts were originally issued in June 2023 and are once again requested to raise any matters of detail with the Director (Finance).

RECOMMENDATIONS:

1. That the Committee approves the audited Statement of Accounts 2022/23 as set out in Appendix 1.
2. That the Chair of the Audit & Governance Committee signs the Statement of Responsibilities on page 24 of Appendix 1 to certify the accounts and authorise their issue.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

- 1.1 Your Services, Your Voice 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 2022/23 accounts is £52,379. EY has issued a disclaimer opinion on the council's 2022/23 Financial Statements as they will not have performed sufficient audit procedures in accordance with International Standards on Auditing (ISAs) by the required 13th December 2024 publication date. ,

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. 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 was published the

day following publication of the unaudited Annual Financial Report, the 23rd June 2023. There have been no requests, questions or objections received by the council or the auditors.

7 ENVIRONMENTAL CONSIDERATIONS

7.1 None.

8 PUBLIC SECTOR EQUALITY DUTY

8.1 None.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None.

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<p>Reputation</p> <p>The financial statements receive an adverse external audit opinion</p>	<p>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.</p> <p>Regular engagement with external audit on potential issues identified.</p>	
<p>Achievement of outcome</p> <p>Failure to meet the statutory deadline for publication of the financial statements.</p>	<p>A 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.</p> <p>A comprehensive set of working papers was produced in advance of the external audit.</p>	

11 SUPPORTING INFORMATION:

- 11.1 The financial statements have been subject to external audit by Ernst and Young LLP (EY). In accordance with the statutory requirements, it is planned that the audited Statement of Accounts will be published, together with the auditor's opinion, Narrative Statement and Annual Governance Statement, by the 13 December 2024.

External Audit

- 11.2 The Accounts and Audit Regulations (2015) were amended in 2024 for financial years 2015-2027 as part of measures to address the audit backlog. The 2022/23 financial statements and those still outstanding from earlier years must be published by 13th December 2024. and if local audits are not finalised by this deadline disclaimers of opinion will be issued.
- 11.3 The auditor has issued a disclaimer opinion on the council's 2022/23 financial statements as they have not performed sufficient audit procedures in accordance with International Standards on Auditing (ISAs) by this date. There is no indication that the need to issue a disclaimer opinion relates to specific unresolved issues at the council.
- 11.4 Since the preparation of the pre-audit Statement of Accounts and its publication in June 2023, no amendments or disclosure adjustments have been made.

Approval of the Statement of Accounts

- 11.5 The Statement of Accounts has been prepared in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and any subsequent Local Authority Accounting Panel (LAAP) recommendations.
- 11.6 The council's Statement of Accounts was signed, prior to the Committee meeting, by the Director (Finance), in her capacity as Section 151 Officer, to certify that they give a true and fair view of the financial position of the Council as at 31 March 2023.
- 11.7 In addition, the Chair of the Audit and Governance Committee is required to sign the Statement of Accounts to certify that they have been approved by a resolution of the Audit and Governance Committee and that they are authorised for issue.

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 Not applicable.

BACKGROUND DOCUMENTS:-

Previous Committee Reports

[AG099 Planning for and audit of 22-23 accounts](#)

[AG113 Draft Annual Financial Report 22-23](#)

APPENDICES:

Appendix 1 – Annual Financial Report for the Year Ended 31 March 2023