

Cheltenham Borough Council

Audit, Compliance and Governance Committee

23 November 2022

Approval of the Statement of Accounts 2021-22

Accountable member:

Councillor Peter Jeffries, Cabinet Member for Finance and Assets

Accountable officer:

Gemma Bell, Director of Finance and Assets (Deputy s151 Officer)

Accountable scrutiny committee:

Audit, Compliance and Governance Committee

Ward(s) affected:

All

Key/Significant Decision:

No

Executive summary:

In line with the Government timeline for publication of Local Authority Statement of Accounts the final audited accounts for 2021/22 are required to be published by 30 November 2022.

In line with the same guidance, the draft Statement of Accounts was published on the Council's website by the required deadline of 31 July 2022. Audit work has been undertaken by Grant Thornton through August and September and the draft ISA 260 Audit Findings Report is included in the reports pack for this committee.

The purpose of this report is to present the draft Statement of Accounts 2021/22 alongside the audit report for comment and discussion by the Committee. The audit is still ongoing and the version of the accounts presented here includes all adjustments agreed with audit at 14

November 2022. Work is still ongoing to complete the audit and present the final set of accounts and management representation letter in line with the 30 November deadline.

Members of the Committee will recall that Council previously agreed that the consideration and sign off of the Statement of Accounts is delegated to the Audit, Compliance and Governance Committee and that no report is made back to Council unless there are issues arising from the audit.

It is recommended that in order to meet the 30 November deadline Committee delegate authority to the Chair of the Committee to sign the final version of the accounts and letter of representation, subject to no significant issues being identified in the audit between now and then. If this is the case, the Statement of Accounts will be brought back to the Committee for consideration. This would require an extension to the 30 November 2022 deadline for publication which would be required to be advertised on the Council's website.

Recommendations:

It is recommended that:

- 1. The Committee review and in principal approve the draft Statement of Accounts dated 15 November 2022**
- 2. The Committee approve the delegation of authority to the Chair of the Committee to sign the final version of the accounts and management representation letter, subject to no significant issues being raised by audit.**

1. Implications

1.1. Financial implications

As included in the Statement of Accounts 2021-22.

Signed off by: gemma.bell@cheltenham.gov.uk

1.2. Legal implications

This report adopts relevant guidance issued in the Accounts and Audit Regulations 2003 and 2011.

Signed off by: Sarah Farooqi, Legalservices@onelegal.org.uk

1.3. HR implications

None arising directly from this report.

Signed off by: Julie McCarthy, HR Manager, Publica Group Limited
julie.mccarthy@publicagroup.uk, 01242 264355

1.4. Environmental and climate change implications

None.

1.5. Property/asset implications

None arising directly from this report.

Signed off by: gemma.bell@cheltenham.gov.uk

1.6. Corporate policy framework implications

None arising directly from this report.

Signed off by: ann.wolstencroft@cheltenham.gov.uk

2. Introduction

- 2.1 The Accounts and Audit Regulations require the council to prepare an annual statement of accounts by 31 May of each year. The Section 151 Officer must sign and date the draft statement of accounts, and certify that they accurately present the financial position of the council. There should then be a period of public inspection of the accounts. These regulations were again changed for 2021/22 and the date amended to the 31 July 2022 for the 2021/22 financial year.
- 2.2 The Regulations then require that the draft accounts be audited and for the audited statement of accounts to be considered and approved by way of a council committee by 31 July, following the year end. The Section 151 Officer must re-certify the audited statement of accounts prior to this meeting. Following approval by the Committee, the statement of accounts is to be signed and dated by the person presiding at the meeting. Council has delegated authority to the Audit Committee to review and approve the audited statement of accounts. Again, these regulations were changed in 2021/22 and the date amended to the 30 November 2022 for the 2021/22 financial year.
- 2.3 The Audit Committee review specifically considers whether appropriate accounting policies have been followed, the conclusion of the audit of the statements, and whether there are any issues that need to be brought to the attention of the Council. The Committee also considers whether the Annual Governance Statement fairly reflects the arrangements within the council and whether the suggested action plan will address any significant governance issues.
- 2.4 The draft 'Audit Findings' report from Grant Thornton to this meeting highlights the results of the audit work undertaken to 14 September 2021.

3. Auditor's Report

- 3.1 The council's external auditors, Grant Thornton UK LLP, are in the process of completing a full audit of the financial statements and will issue a 'Report to those charged with

governance (ISA 260) for 2021/22', which is anticipated to give the Statement of Accounts an unqualified audit opinion in relation to the Council's Statement of Accounts 2021/22.

4. Reasons for recommendations

4.1 The Council is required to formally approve its audited Statement of Accounts by 30 November 2022. Due to the timing of the Committee, the draft Statement of Accounts have been presented which incorporate all adjusted changes identified and agreed with Grant Thornton up to 14 November 2022. The Committee are asked therefore to review and consider the draft Statement of Accounts and approve delegated authority to the Chairman of the Audit Committee to approve the

Statement and sign the Letter of Representation on behalf of the Council by 30 November 2022 once the audit is concluded and a final opinion is issued. This is subject to any significant changes or issues being identified by audit in the period between 14 November 2022 and 30 November 2022. If this is the case, the Statement of Accounts will be brought back to the Committee for consideration. This would require an extension to the 30 November 2022 deadline for publication which would be required to be advertised on the Council's website.

4.2. A copy of the draft Statement of Accounts 2021/22 is attached at Appendix 1 to this report. Once finalised, signed and approved, the audited statements will be published on the Council's website and notice advertised of the completion of the audit.

5. Letter of representation

5.1. As part of the approval process for the Statement of Accounts, the Council is required to provide a Letter of Representation to the external auditor. This is to confirm or notify any material factor that could affect the auditor's view of the accounts since formal closure at 31 March 2022.

5.2 Note 31 outlines contingent liabilities; these are issues that currently exist but had no materialised by 31 March 2022. As Deputy Section 151 Officer I can confirm there has been no resolution to date of these matters, nor any other changes that I need to report to the external auditor.

5.3 It is seen as best practice for both the Section 151 Officer and the Chair of the Audit Committee to sign the Letter of Representation. Again, it is recommended that this is delegated to the Chair as part of the approval of the Statement of Accounts.

Report author:

Contact Officer: Gemma Bell, Director of Finance & Assets (Deputy s151 Officer)
gemma.bell@cheltenham.gov.uk

Appendices:

Appendix 1 - Statement of Accounts 2021/22 (to follow as a supplement)

Background information:

Code of Practice on Local Authority Accounting in the UK 2021/22 Accounts