

Cheltenham Borough Council

Audit, Compliance and Governance Committee

26 September 2023

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:

Yes

Executive summary:

In line with the Government timeline for publication of Local Authority Statement of Accounts the draft Statement of Accounts for 2021/22 were published on the Council's website by 31 July 2022. The final audited accounts for 2021/22 were required to be published by 30 November 2022 and the Committee has previously discussed the reasons that this deadline was not met.

Audit work has been undertaken by Grant Thornton since September 2022 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 expected to conclude by 30 September 2023 and the version of the accounts presented here includes all adjustments agreed with audit at 22 September 2023.

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 the 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.

Recommendations:

It is recommended that:

a) The Committee review and in principle approve the draft Statement of Accounts 2021/22 dated 22 September 2023.

b) 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, Property and Asset implications

As detailed in the report.

Signed off by: Gemma Bell, Director of Finance and Assets, 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: legalservices@onelegal.co.uk

1.3 Environmental and climate change implications

The recommendations in this report have no environmental and climate change implications.

1.4 Corporate Plan Priorities

This report contributes to the following Corporate Plan Priorities:

- Being a more modern, efficient and financially sustainable council

1.5 Performance management – monitoring and review

The status of the audit work for 2021/22 has been regularly reported to the Committee in the period since September 2022.

2. Introduction

- 2.1 The Accounts and Audit Regulations require the council to prepare an annual statement of accounts 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 before the final audited version is signed and published.
- 2.2. In 2020/21 the deadline for publication of the draft accounts was extended from 31 May to 31 July and this was also the case for 2021/22. The Council published a draft set of accounts on their website by 31 July 2022.
- 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. Again, in 2021/22 this was extended to 30 November. This was not achieved for a number of reasons which have previously been presented to and discussed by the Committee.
- 2.3 The draft Statement of Accounts 2021/22 are presented to the Committee at Appendix 1. This includes all changes requested by external audit up to 22 September 2023. 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 presented to this meeting highlights the results of the audit work undertaken to 18 September 2023. The audit of the Statement of Accounts for 2021/22 is expected to conclude by 30 September 2023 and the following approval of the recommendations in this report the Statement of Accounts 2021/22 will be signed and dated by the Chair of this Committee.

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. This has been presented to the Committee earlier in this meeting.

4. Reasons for recommendations

- 4.1 The Council is required to formally approve its audited annual Statement of Accounts and this is delegated to the Audit, Compliance and Governance Committee. 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 22 September 2023. 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 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 23 September 2023 and the signing date. If this is the case, the Statement of Accounts will be brought back to the Committee for consideration.
- 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

- 7.1. 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.
 - 7.2 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.
 - 7.3 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 and attached at Appendix 2.
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Report author:

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Appendices:

Appendix 1 - Statement of Accounts 2021/22

Appendix 2 – Management Letter of Representation 2021/22

Background information:

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