

Audit Committee

Agenda Item No. 8

26 September 2022

Statement of Accounts Audit Progress 2021/22

Ward(s): All

Portfolios: All

Purpose: For Information

1. Aim

- 1.1 To provide Audit Committee with a report on the progress of the external audit of the draft Statement of Accounts for 2021/22.

2. Summary

- 2.1 This report details the work undertaken to date by the Councils external auditors Grant Thornton on the audit of the draft Statement of Accounts for 2021/22, together with a plan to bring the audited Statement of Accounts and audit findings report to the November 2022 Audit Committee meeting.

3. Recommendations

- 3.1 Audit Committee are requested to note the progress made to date as set out within the report.

4. Report detail – know

- 4.1 The pre-audit Statement of Accounts were presented to Audit Committee at their meeting on 27 June 2022, and the external Audit also commenced on 27 June 2022.
- 4.2 The majority of the Audit has now been completed with no material adjustments identified to date, with just a small number of areas of work still to be finalised in relation to expenditure samples, property valuations, grants and the final review of the audit files.
- 4.3 Within the report presented to Committee in June 2022 there was the expectation that the post audit Statement of Accounts and Grant Thornton's Audit Findings Report would be presented to the September 2022 Audit Committee meeting. Given that the majority of the audit has now been completed this would have been possible, however the national issue in relation to Infrastructure Assets that was reported to Audit Committee as a potential risk to the audit at the June 2022 meeting is still ongoing, and to allow time for revised guidance on that matter to be provided the finalisation of the audit and reporting of the outcome to Audit

Committee has been delayed until the meeting scheduled for 21 November 2022. This revised date is still within the regulations as set out in section 4.7 of this report.

- 4.4 The June Committee report set out that CIPFA on 12 May 2022 released an urgent consultation with regards to temporary changes to the code of practice to resolve reporting issues on infrastructure assets, and this consultation had a return date of 14 June 2022 and a response to this consultation has been sent to CIPFA.
- 4.5 CIPFA subsequently issued an update on 27 July 2022 to the consultation and stated that a sector wide approach should be sought, and that a further consultation with key stakeholder groups will take place to take forward better articulation and evidencing of the approach to the de-recognition provisions and the remainder of its temporary proposals. However it also noted that they will not take forward Code amendments that are not consistent with high quality financial reporting, and as a consequence it is unlikely that proposals for a short term solution will alleviate all stakeholders concerns.
- 4.6 Without the updated guidance this would result in a qualified audit opinion from Grant Thornton. Therefore the Council and Grant Thornton are awaiting approval of updated guidance which is expected to be received during October 2022, which would allow any changes to the accounts to be made and finalisation of the audit, with the aim of receiving an unqualified audit opinion. As such the final Post Audit 2021/22 Statement of Accounts and Audit Findings Report will now be presented to the 21 November 2022 Audit Committee.

Control Environment

- 4.7 All councils must produce annual accounts in line with the Accounts and Audit (England) Regulations 2015. The Accounts and Audit (Amendment) Regulations 2022, made as a result of Covid-19, have moved the date required for the Financial Statements to be considered and approved by the appropriate Committee of the council from 31 July to the 30 November following the end of the financial year for financial year beginning in 2021, and from 31 July to 30 September for the financial years beginning in 2022, 2023, 2024, 2025, 2026 and 2027.
- 4.8 In addition these regulations have moved the date the council is required to complete its draft financial statements from 31 May to 31 July following the end of the financial year.
- 4.9 The pre-audit financial statements were signed by the Section 151 Officer on 15 June 2022. This is significantly within the revised deadline of 31 July as provided for within the Accounts and Audit (Amendment) Regulations 2022.
- 4.10 These pre-audit draft financial statements are for information only as they are not required to be approved by Audit Committee. Given the extended timeframe currently in place it is accepted by Grant Thornton as best practice to present the draft unaudited Statement of Accounts to Audit Committee for initial review.

Assurance of Controls

- 4.11 The external audit of the financial statements commenced on the 27 June 2022 by Grant Thornton. The audit is currently ongoing and the audited financial

statements will be presented to Audit Committee for their approval in November 2022.

- 4.12 At the November Audit Committee members will also receive the external auditors report on the financial statements from Grant Thornton for consideration.

Strategic Risks/Annual Statements

- 4.13 As this report is reviewing performance over 2021/22 there are no associated strategic risks.
- 4.14 This report is concerning the council's draft financial statements for 2021/22.

5. Financial information

- 5.1 There are no direct financial implications as a result of this report beyond those reported within Section 4.

6. Reducing Inequalities

- 6.1 Improving ease of understanding of the accounts is intended to make the annual statement of accounts more readily accessible to the general public. The accounts will be available on request in different formats, for example, hard copy, soft copy via the web site, Braille and in different languages.

7. Decide

- 7.1 As this report is for information only there are no matters within this report for decision.

8. Respond

- 8.1 Any issues raised by Audit Committee in connection with the pre-audit Statement of Accounts will be reviewed as part of the audit process. If it requires clarification within the Statement of Accounts these maybe incorporated within the final audited document following discussion with Grant Thornton.

9. Review

- 9.1 The pre-audited Statement of Accounts are subject to audit. Any material issues that Grant Thornton discover during this audit process will be reported in their Audit Findings Report due to be presented to members alongside the audited Statement of Accounts at the November Audit Committee meeting.
- 9.2 At the November Audit Committee members will also have the opportunity to consider the audited Statement of Accounts prior to approval.

Background papers

Various financial working papers, statutory and other guidance.

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