

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Statement of Accounts 2022/23
Meeting date	28 November 2024
Status	Public Report
Executive summary	<p>The draft statement of accounts for 2022/23 was published within the statutory deadline on the 31st May 2023. At that time the audit of the statement was expected to be completed later in 2023. However, due to the complex set of factors contributing to audit delays across the sector, an audit of the 2022/23 statements has not been completed, other than work relating to the external auditor's value for money opinion. To address the national backlog of local audits the Government is imposing (subject to secondary legislation) a backstop date of 13 December 2024 for publication of accounts for financial years up to and including 2022/23. The Committee is required to consider and approve the accounts before they are published.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <ul style="list-style-type: none"> a) Note the ISA260 Audit Finding report letter sent to the Chair of Audit and governance Committee (appendix 1) b) Note the draft audit report for 2022/23 (appendix 2) which auditors will sign as soon as possible by the deadline of 13 December 2024 c) Note the Value for Money report 2021/22 and 2022/23 previously presented to Audit and Governance on the 7 September (appendix 3) d) Approves the signing of the Statement of Responsibilities and the Letter of Representation by the Chair of the Audit & Governance Committee and the S151 Officer (appendix 4) e) Approved the 2022/23 statement of accounts 2022/23 (appendix 5)
Reason for recommendations	<p>To ensure that the Audit & Governance Committee are fully informed of the audit opinion and findings of the council's external auditor following their audit of the council's financial statements for the year ended 31 March 2022, as set out in the report attached.</p>

Portfolio Holder(s):	Cllr Mike Cox, Deputy Leader of the Council and Cabinet Member for Finance
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Matthew Filmer, Assistant Chief Financial Officer
Wards	Council-wide
Classification	For Recommendation

Background

- Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), the external auditor is required to report whether, in their opinion, the group and council's financial statements:
 - gives a true and fair view of the financial position of the group and the council and their income and expenditure for the year; and
 - has been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.
- In addition, the external auditor is required to reach a formal conclusion on whether the council has put in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources (the Value for Money conclusion).
- However, due to the complex set of factors contributing to audit delays across the sector, an audit of the 2022/23 statements has not been completed, other than work relating to the external auditor's value for money opinion.
- To address the national backlog of local audits and put local audit on a sustainable footing the Government is imposing backstop dates for publication of final accounts. The backstop date for financial years up to and including 2022/23 is 13 December 2024. Progressively earlier backstop dates will apply for financial years 2023/24 to 2027/28, with a backstop of 28 February 2025 for 2023/24 accounts and 30 November 2028 for 2027/28 accounts. The changes will require auditors to issue an opinion by the backstop date, which will be a 'disclaimed' opinion if the audit has not been completed.

Value for Money (VFM)

- Appendix 3 is the same report reported to Audit and Governance committee on the 7 September 2023 with an amended date of November 2024 aligning to the dates of the other appendices.

Letter of Representation

- As part of its procedures in forming an opinion on the statement of accounts, the external auditors require representations from the council's management on

specific matters. The template letter provided by Grant Thornton for this is attached at Appendix 4.

Statement of Accounts 2022/23

7. The statement of accounts (appendix 5) is a complex document, and the layout and information provided are defined by statutory requirements. There have been several changes since the publishing the draft 2022/23 accounts. All the changes are accounting changes that have no impact on the available resources of the Council.

Summary of financial implications

8. There are no direct legal implications for this report.

Summary of legal implications

9. There are no direct legal implications for this report.

Summary of human resources implications

10. There are no direct human resources implications for this report.

Summary of sustainability impact

11. There are no direct sustainability impacts for this report.

Summary of public health implications

12. There are no direct public health impacts for this report.

Summary of equality implications

13. There are no direct equality implications for this report.

Summary of risk assessment

14. The areas identified for development by the Council's external auditors will be fully discussed during the risk management review process and appropriate mitigations will be discussed with Corporate Management Team.
15. Auditors will be expected to give clear reasons for 'disclaimed' opinions to mitigate the possible reputational risk for local authorities and ensure they are not unfairly judged as a result of the backstop dates.

Appendices

Appendix 1 - ISA260 Audit Findings Report for 2022/23 addressed to The Chairman of the Audit & Governance Committee

Appendix 2 - Draft audit report for 2022/23

Appendix 3 - Final Auditors Annual Report (VFM) covering 2021/22 and 2022/23

Appendix 4 - BCP Council - Letter of Representation (LOR) 2022/23

Appendix 5 – Statement of Accounts 2022/23