

BRECKLAND DISTRICT COUNCIL

Report of: Alison Chubbock, Assistant Director Finance (S151 Officer)

To: Governance and Audit Committee, 2 February 2023

Author: Matthew Fernandez-Graham, Accountancy Manager

Subject: Audited annual statement of accounts 2021/22

Purpose: To update the Governance and Audit Committee on progress on the audit of the annual accounts for 2021/22

Recommendation:

1) That, subject to the finalisation of the audit of the accounts by Ernst & Young, the Governance and Audit Committee resolve as follows:

(a) to approve the financial statements of the Council as presented, having taken account of the External Auditors report. To authorise the Chairman of the Governance & Audit Committee to sign and date the financial statements, once the auditor has completed their outstanding procedures as described, on the basis that no material audit differences are identified. If those procedures identify any material audit difference, which would require a material adjustment to the financial statements, the Governance & Audit Committee would be notified and updated accordingly and a new motion to approve the revised financial statements made at the next available Governance & Audit Committee meeting.

(b) to approve the Annual Governance Statement 2021-22 as presented, having taken account of the External Auditors report. To authorise the Chief Executive and Leader to sign and date the Annual Governance Statement once the auditor has completed their outstanding procedures as described, on the basis that no material audit differences have been identified or are expected.

(c) to authorise the Chairman of the Governance & Audit Committee to approve the Letter of Representation 2021-22 once this is received.

1.0 BACKGROUND

- 1.1 The Accounts and Audit Regulations 2015 require that the audited statement of accounts be considered and approved by a committee of the Council no later than 31 July each year, however for 2021-22 DLUHC have confirmed changes to these regulations to extend the statutory deadline to 30 November for all local authorities.
- 1.2 At its meeting on 28 July 2022 Governance and Audit Committee Members reviewed the un-audited statement of accounts. Since this meeting, our external auditors, Ernst and Young, have almost completed their audit, however at the date of writing this report it has not been completely finalised. They have had to prioritise the completion of audits at other Councils around the country which had still not had their 2020/21 (and in some cases 2019/20) accounts signed off. Their Audit Progress Report agenda item at this meeting provides an update on their findings and progress to date and a verbal update will be provided at the meeting on 2 February.
- 1.3 The audit results have been very positive so far and only minor changes have been made as a result of audit findings:

- Items updated which were identified at the July Governance and Audit Committee meeting relating to the date heading for note 14 and a typographical error in the Group Accounts
- Note 8 (Property, Plant and Equipment) amended to correct values for PFI Assets and Surplus Assets. These amendments have no impact on the closing Net Book Value of these assets and hence no impact on the Balance Sheet.
- Note 16 (Grant Income) amended to correct the figure for S106 agreement income credited to services, to reflect the general ledger at 31.3.22.
- Note 20 (Officers' Remuneration) amended the classification of exit packages for 2021/22 and 2020/21.
- Note 25 (Capital Financing Requirement) Amended for PFI to match Note 8.
- Changes to amend a typographical error in Note 24.

The audited accounts for Breckland Bridge have been received and the Group Accounts have been amended to reflect them. This has only affected the Balance Sheet shown in Note 3 to the Group Accounts.

Following receipt of the final audited information from the Norfolk Pension Fund, these values have also been updated and have reduced the pension deficit value by £657k, increasing the net worth of the Council by that amount. These changes have impacted on the following areas of the accounts:

- Comprehensive Income and Expenditure Statement
- Movement in Reserves Statement
- Balance Sheet
- Note 7 – Pensions
- Group Accounts
- Narrative report

- 1.4 The Statement of Accounts 2021-22 which includes the Annual Governance Statement (AGS) are attached at Appendix A Changes since the draft accounts are highlighted in yellow. The dates will be amended to reflect the final date of signing the accounts.

These statements at Appendix A are based on all identified changes to date, any subsequent changes identified during the finalising of the audit will be provided to Members at the meeting. It is expected that the audit will not be finalised by the date of the Committee meeting, so this is reflected in this report's recommendation.

The text for the Letter of Representation will be provided by the auditors once they have completed all their audit procedures.

2.0 **OPTIONS**

- 2.1 That, subject to the finalisation of the audit of the accounts by Ernst & Young, the Governance and Audit Committee:

- approve the financial statements of the Council as presented, having taken account of the External Auditors report and authorise the Chairman of the Governance & Audit Committee to sign and date the financial statements, once the auditor has completed their outstanding procedures as described, on the basis that no material audit differences are identified. If those procedures identify any material audit difference, which would require adjustment to the financial statements, the Governance & Audit Committee would be notified and updated accordingly and a new motion to approve the revised financial statements made at the next available Governance & Audit Committee meeting.

- approve the Annual Governance Statement 2021-22 as presented, having taken account of the External Auditors report and authorise the Chief Executive and Leader to sign and date the Annual Governance Statement once the auditor has completed their outstanding procedures as described, on the basis that no material audit differences have been identified or are expected.
- authorise the Chairman of the Governance & Audit Committee to approve the Letter of Representation 2021-22 once this is received.

2.2 Do nothing

3.0 REASONS FOR RECOMMENDATION

3.1 To comply with the Accounts and Audit Regulations 2015 and provide an audited statement of accounts for our residents.

4.0 EXPECTED BENEFITS

4.1 Compliance with the Accounts and Audit Regulations 2015.

5.0 IMPLICATIONS

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Data Protection; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

5.1 Constitution & Legal

5.1.1 Accounts and Audit Regulations 2015

5.2 Financial

5.2.1 The report and appendices are financial in nature

5.3 Risk Management

5.3.1 Risks are included within the statement of accounts where necessary.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 N/A

7.0 ACRONYMS

7.1 AGS – Annual Governance Statement

7.2 DLUHC – Department for Levelling Up, Housing and Communities

Background papers:- None

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Key Decision: No

Exempt Decision: No

This report refers to a Mandatory Service

Appendices attached to this report:

Appendix A Updated Statement of accounts 2021-22