

DRAFT ANNUAL STATEMENT OF ACCOUNTS FOR 2021/22

- Summary: This report provides an update on the progress on the completion of a draft Statement of Accounts for 2021/22.
- Options considered: The only option considered is that the Statement of Accounts for 2021/22 is brought back to the next Governance, Risk and Audit Committee so that the Committee can review them.
- Conclusions: It is recommended that the Committee note the contents of the report and approve that the Statement of Accounts for 2021/22 are brought back to the next Governance, Risk and Audit Committee.
- Recommendations: **It is recommended that the Committee note the contents of the report and approve that the Statement of Accounts for 2021/22 are brought back to the next Governance, Risk and Audit Committee.**
- Reasons for Recommendations: To present a completed draft Statement of Accounts for 2021/22 and arrangements for the completion of the audit process as soon as possible.

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

(Papers relied on to write the report, which do not contain exempt information, and which are not published elsewhere)

None

Cabinet Member(s) Councillor Eric Seward	Ward(s) affected All
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1. Introduction

- 1.1 This report provides an update on the progress in producing the Statement of Accounts for 2021/22.
- 1.2 The Committee received an update report on the draft Statement of Accounts for the 2020/21 financial year on 6 December 2022.
- 1.3 At the time, the audit of the 20/21 Accounts was ongoing but nearing completion. As the CFO, I gave an assurance that the audit would be

completed before the calendar year end, signed off and a final version published before the year end.

- 1.4 However this has not been the case and the reasons are explained below in Section 2. This has had a knock-on impact on being able to complete the draft Statement of Accounts for 2021/22 in a timely manner.

2. Overview

- 2.1 The Council prepares its Accounts in line with the CIPFA Code of Practice for Local Authority Accounting. The draft 2020/21 Accounts were required be published by 31st July and audited by 30th November respectively.
- 2.2 This Council, like many other Councils, is behind on getting their Statements of Accounts signed off and audited. The COVID-19 pandemic has had a significant impact on this area of work as staff and auditors have had to work differently which has proved to be in some areas more difficult to get the work done. There is also the issue of a national shortage of accountancy staff and auditors with the level of skills and experience required to undertake some of the more complex areas of work e.g. Collection Fund accounting, Capital Accounting and the closure of accounts.
- 2.3 For this Council these staff and auditor resource issues has led to the Statement of Accounts not being finalised yet for 2020/21. There is at most one more week of work required to done by the Finance Team to complete the accounts. The Auditors, Ernst and Young, have been waiting patiently for the accounts to be finished so that they can complete the audit. They have been very accommodating in trying to pull the completion of this into their work plan, but they are also very busy trying to catch up on the completion of many outstanding audits. So I am unable to provide a date for when our audit will be concluded as it will depend on when they can now fit the audit in. A verbal update will be provided at the meeting on 7 March 2023.
- 2.4 The 2021/22 accounts are largely completed but the opening balances will need adjusting to the closing balances for 2020/21 where they have changed, and the capital accounting entries need putting through the accounts to provide a final draft position ready for auditing. This work is expected to be completed by the end of March 2023.
- 2.5 The reason for the delay in completing the accounts has been due to staff shortages and other priorities which have had to come first. The most significant of which has been producing a balanced budget for approval by full Council. This work is complete now and the budget was approved on 22 February 2023. Then the Finance Team have also been working very hard to get the new financial system implemented. The 'go-live' date of 14 December was achieved but there is still a lot of work required to have the system working fully. Again this has been hampered by staff shortages in the Finance Team.
- 2.6 The staff shortage in the Finance Team is a risk which needs addressing both in the short-term and the long-term. This requires a look at what is needed to ensure that the Team is sufficiently resourced to be able to provide the service that is needed by both officers and Members. It is critical that the

Council has up-to-date financial information to keep Members and officers fully informed of the Council's financial position at any point in time.

- 2.7 The Team currently has one interim member of staff who has taken on the responsibility for the Capital Programme and Asset Register work amongst other tasks. It is my intention to review the structure of the Team and then recruit permanently as required. This will come before Members if required for their approval.

3. Corporate Plan Objectives

- 3.1 Financial Sustainability and Growth – The Council needs to produce the accounts each year so that it can demonstrate how resources have been used and so the Council maintains an accurate record of the resources it has available for future use.

4. Medium Term Financial Strategy

There are no direct financial implications surrounding the publication of the Statement of Accounts.

5. Financial and Resource Implications

There are no direct financial implications surrounding the publication of the Statement of Accounts.

6. Legal Implications

The Council will not have met the statutory requirement to publish an audited Statement of Accounts for 2020/21, nor 2021/22.

7. Risks

None as a direct consequence of this report.

8. Sustainability

None as a direct consequence of this report.

9. Climate / Carbon impact

None as a direct consequence of this report.

10. Equality and Diversity

None as a direct consequence of this report.

11. Section 17 Crime and Disorder considerations

None as a direct consequence of this report.

12. Conclusion and Recommendations

It is anticipated that the audit of the Accounts for 2020/21 will be completed shortly and can be signed off. It is expected that the accounts for 2021/22 will be finished before the financial year-end 2022/23 and the audit for these accounts can be arranged. The main issue in not achieving the deadlines has been the recent turnover in staff in what was a stable team and then the difficulty in finding the right replacements.