

Classification: Open	Decision Type: Key
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Report to:	Audit Committee	Date: 03 December 2024
Subject:	Statement of Accounts 2021/22 and 2022/23	
Report of	Director of Finance	

Summary

- 1.1 In accordance with the Accounts and Audit Regulations 2015 (as amended) the Draft 2021/22 Statement of Accounts and Annual Governance Statement were signed by the Executive Director for Finance (S151 Officer) on 29 July 2022 ahead of the 31 July 2022 deadline and the 2022/23 Statement of Accounts and Annual Governance Statement were signed by the Executive Director for Finance (S151 Officer) on 31 May 2023 by the deadline.
- 1.2 The year-end audit has been undertaken by the external auditors Mazars, the Draft 2021/22 Statement of Accounts were issued to Mazars on 29 July 2022 and the Draft 2022/23 Statement of Accounts were issued to Mazars on 31 May 2023.
- 1.3 The summary below provides a timeline that the Statement of Accounts and updates have been presented to Audit Committee:
 - 25 July 2022 – Draft 2021/22 Statement of Accounts and Annual Governance Statement as at 15 July 2022 prior to finalising and publication.
 - 1 December 2022 – 2021/22 Statement of Accounts update report notifying members the audit had not concluded by the 30 November 2022 deadline.
 - 30 March 2023 – Mazars draft audit completion report for 2021/22 was presented to members.
 - 31 July 2023 – the draft 2022/23 Statement of Accounts were presented to members.
 - 12 October 2023 – Audit Committee approved the updated 2021/22 Statement of Accounts and delegated authority to the Chair of the Audit Committee and the then Executive Director of Finance to sign-off the accounts, subject to any further material changes.
 - 14 December 2023 – Mazars presented an Audit Progress Report that provided a listing of outstanding items that had caused delay to the sign-off of the 2021/22 Statement of Accounts and that the 2022/23 audit had not commenced.
 - 6 March 2024 – Mazars presented papers covering the Local Audit Backlog Consultation issued by Government on February 2024.
 - 23 September 2024 - Audit Committee approved the updated 2021/22 Statement of Accounts and delegated authority to the Chair of the Audit Committee and the Director of Finance to sign-off the accounts, subject to any further material changes. An update to the Local Audit Backlog Consultation was included informing members of the 'backstop' dates for the accounts.
- 1.4 The Accounts and Audit (Amendment) Regulations 2024 came into force on the 30 September 2024, this legislated the statutory backstop dates, including both the 2021/22 and 2022/23 Statement of Accounts of 13 December 2024. To comply with the backstop date legislation the Council must publish accountability statements on the website by the backstop date, accountability statements need to include:

- The Statement of Accounts together with the Audit Opinion and any certificate.
 - The Annual Governance Statement.
 - The Narrative Statement (the Council includes this within the Statement of Accounts)
- 1.5 The Accounts and Audit (Amendment) Regulations 2024 require those charged with governance to approve the final audited accountability statements prior to publication. Therefore, Audit Committee are asked to approve both the updated 2021/22 and 2022/23 Statement of Accounts (Appendix 2 & 5) and Annual Governance Statement (Appendix 3 & 6) and delegate authority to the Chair of the Audit Committee and the Director of Finance, to sign-off both the 2021/22 and 2022/23 Statement of Accounts and the Leader and Chief Executive to sign-off both the 2021/22 and 2022/23 Annual Governance Statement.

Recommendation(s)

- 2.1 Consider the 2021/22 Management Representation Letter.
- 2.2 Consider the 2021/22 External Audit Opinion.
- 2.3 Approve the 2021/22 Statement of Accounts and Annual Governance Statement.
- 2.4 Delegate authority to the Director of Finance (S151 Officer), to sign the 2021/22 Management Representation Letter.
- 2.5 Delegate authority to the Chair of the Audit Committee and Director of Finance (S151 Officer) to sign-off the 2021/22 Statement of Accounts and Leader and Chief Executive to sign-off the 2021/22 Annual Governance Statement.
- 2.6 Consider the 2022/23 Management Representation Letter.
- 2.7 Consider the 2022/23 External Audit Opinion.
- 2.8 Approve the 2022/23 Statement of Accounts and Annual Governance Statement.
- 2.9 Delegate authority to the Director of Finance (S151 Officer), to sign the 2022/23 Management Representation Letter.
- 2.10 Delegate authority to the Chair of the Audit Committee and Director of Finance (S151 Officer) to sign-off the 2022/23 Statement of Accounts and Leader and Chief Executive to sign-off the 2022/23 Annual Governance Statement.

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Background

Reasons for Recommendation(s)

- 3.1 Under the Local Government and Housing Act 1989 preparation of the Council's accounts must follow proper practices, which includes compliance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting.
- 3.2 The arrangements for preparing and publishing the Council's accounts are set out in the Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Amendment) Regulations 2024. Under these regulations the Director of Finance (S151 Officer) is responsible for determining the Council's accounting systems, form of accounts and supporting accounting records.
- 3.3 The attached Audit Completion Reports (Appendix 1 & 4) summarises Mazars audit findings from the audit of both the 2021/22 and 2022/23 Statement of Accounts and identifies any issues to be addressed.
- 3.4 Audit Committee is required to approve both the 2021/22 and 2022/23 Statement of Accounts (Appendix 2 & 5) and both the 2021/22 and 2022/23 Annual Governance Statement (Appendix 3 & 6) to conclude the audit process.
- 3.5 The use of the backstop date for 2021/22 is primarily due to a small number of properties having been identified by the Council as requiring further investigations to categorically confirm no RAAC is present which, based on the initial assessment, the Council believes to the case. Whilst the investigations will be complete over the next few weeks this will not be in advance of the backstop date meaning there is insufficient time to complete the 2021/22 audit. Committee have previously been advised that the backstop and related disclaimer opinion would apply to the 2022/23 audit and accounts as a result of not having time to complete the audit work required.

Accounts and Audit Regulations

- 3.6 The Accounts and Audit (Amendment) Regulations 2024 came into force on the 30 September 2024, this legislated the statutory backstop dates as follows:

Financial Year Accounts	Deadline
Up to & Including 2022-23	13 December 2023
2023-24	28 February 2025
2024-25	27 February 2026
2025-26	31 January 2027
2026-27	30 November 2027
2027-28	30 November 2028

- 3.7 To comply with the backstop date legislation the Council must publish accountability statements on the website by the backstop date, accountability statements need to include:
 - The Statement of Accounts together with the Audit Opinion and any certificate.
 - The Annual Governance Statement.
 - The Narrative Statement (the Council includes this within the Statement of Accounts)
- 3.8 Those charged with governance are required to approve the final audited accountability statements prior to publication.

- 3.9 Bodies that are exempt or have failed to comply with a backstop date will be required to publish an explanation and publish audited accountability statements as soon as practicable. The government intends to publish a list of bodies and auditors that do not meet the proposed backstop dates and are not exempt, those bodies will need to send a copy of the published explanation to the secretary of state.
- 3.10 To meet the 'backstop dates', some local authorities will need to publish financial accounts with less confidence than usual, while some auditors will need to issue audit opinions by the deadline, without obtaining the usual level of evidence.
- 3.11 As a result of the backstop dates, it is probable many council's financial statements will be published with 'modified' opinions, which will vary depending on the extent to which the auditor lacked evidence or found material misstatements, and whether these issues were limited to specific areas or affected the accounts more broadly.

Audit Completion Report to Those Charged with Governance

- 3.12 The objective of the audit under auditing standards is to obtain sufficient evidence to conclude that there is reasonable assurance that the financial statements are free from material misstatement. Where an auditor is unable to gain enough evidence or is unable to reach this conclusion based on the evidence gathered, they are required to issue a modified opinion. Auditors will disclaim their opinion where they lack the evidence to support an opinion.
- 3.13 There are four opinions that an auditor may give on completion of their audit work. These are:

Audit Opinion	Description
Unmodified	This is the best possible outcome. It means the auditor obtains sufficient evidence to support a view that the financial statements are materially accurate and fairly represent the audited body's financial situation.
Qualified	This is problematic. The auditor has material concerns either because of a lack of evidence or evidence which suggests material error. However, the effect on the financial statements is contained in specific areas and is not widespread.
Disclaimer of Opinion	This is potentially more problematic than being qualified, reflecting a lack of evidence which means that the auditor cannot provide an opinion. The possible effects on the financial statements of undetected misstatements could be both material and widespread.
Adverse Opinion	Normally considered the worst-case scenario. The auditor does have sufficient evidence, but it suggests that material misstatements exist that undermine the reliability of the financial statements as a whole.

- 3.14 The Audit Completion Reports issued by Mazars for both 2021/22 and 2022/23 are attached at Appendix 1 and 4 for consideration.

Statement of Accounts

- 3.15 The format and content is defined in regulations and specified in the relevant sections of the CIPFA/LASAAC Code of Practice, and comprises:
- Narrative Statement
 - Statement of Responsibilities for the Statement of Accounts
 - Core Financial Statements
 - Expenditure and Funding Analysis
 - Notes to the Core Financial Statements
 - Supplementary Statements: Housing Revenue Account (HRA), Collection Fund
 - Group Accounts
 - Notes to the Group Accounts
 - Glossary of Terms
- 3.16 The Council's Statement of Accounts for both 2021/22 and 2022/23 are attached at Appendix 2 and 5 for consideration and approval.

Annual Governance Statement (AGS)

- 3.17 A key role of Audit Committee is to oversee the Council's control environment and the associated system of internal controls and assurance processes. Audit Committee must satisfy itself that the Authority's assurance statements, in particular the AGS, properly reflects the risk environment and any actions needed to improve it.
- 3.18 The AGS therefore sets out the governance issues that are deemed significant and the actions that are being taken to address them. The Council is required to exercise judgment in deciding whether or not a particular issue should be deemed significant. Factors which are used in exercising that judgment include:
- Whether the issue seriously prejudiced or prevented achievement of a principal objective.
 - Whether the issue has resulted in a requirement to seek additional funding to allow it to be resolved or has resulted in significant diversion of resources from another aspect of the business.
 - Whether the external auditor regards it as having a material impact on the accounts.
 - Whether the Audit Committee, or equivalent, advises it should be considered significant for this purpose.
 - Whether the Head of Fraud, Audit, Insurance & Risk reports on it as significant, for this purpose, in the annual opinion on the internal control environment.
 - Whether the issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation.
- 3.19 The information provided in the AGS regarding significant governance issues may include a description of the weakness and its impact on the Council in order to improve disclosure and provide context for the actions taken. The Council is required to balance utility to the reader of the AGS against the need for discretion in such disclosure to avoid further adverse impacts or exploitation of the weakness.
- 3.20 The Council's Annual Governance Statement for both 2021/22 and 2022/23 are attached at Appendix 3 and 6 for consideration and approval.

Management Representation Letter

- 3.21 The purpose of the Letter is for the Director of Finance (S151 Officer) to express an opinion:

- Whether these financial statements give a true and fair view of the financial position of the Authority as at 31 March 2022 and 31 March 2023 and of the Council's expenditure and income for the year then ended.
- Whether the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority.

3.22 The Management Representation Letter for both 2021/22 and 2022/23 are within the external auditor Audit Completion Reports at Appendix 1 and 4 for consideration and approval.

Links with the Corporate Priorities:

The production and publication of the Statement of Accounts provides valuable information to the residents of the Council and to its suppliers.

A strong financially sustainable Council is essential to the delivery of the Let's do it Strategy.

Equality Impact and Considerations:

The statement of Accounts is a record of past financial expenditure. It does not determine future resource allocation.

Environmental Impact and Considerations:

There are no implications to an increased carbon impact of this decision.

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
There is a risk of misstatement	Accounts are reviewed by Mazars and their opinion of both set of accounts is independent to the Council

Legal Implications:

The localised accounts process was established pursuant to the Local Audit and Accountability Act 2014, the system ensures that the Council's accounts are independently verified by the Council's external auditors Mazars ensuring good governance and financial transparency.

This report is submitted to Audit committee in accordance with the financial regulations as set out in the Council constitution.

Financial Implications:

The statement of accounts are an essential part of any organisation and represent the financial position of the business for that particular financial year. For public sector organisations they are statutory and give the public and central government assurance that tax payers money is being expended in an economic and efficient way. These accounts not only report the in year

position but also the future stability of the organisation through the strength of its balance sheet and cash flow.

Appendices:

- Appendix 1: Bury 2021/22 Audit Completion Report Issued
 - Appendix 2: Bury 2021/22 Audited Statement of Accounts
 - Appendix 3: Bury 2021/22 Annual Governance Statement
 - Appendix 4: Bury 2022/23 Audit Completion Report Issued
 - Appendix 5: Bury 2022/23 Audited Statement of Accounts
 - Appendix 6: Bury 2022/23 Annual Governance Statement
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Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning