

**AUDIT AND GOVERNANCE COMMITTEE 29TH NOVEMBER 2023**

**AUDITED STATEMENT OF ACCOUNTS 2022/2023**

**Report of the Director of Finance**

**1.0 PURPOSE OF REPORT**

- 1.1 To provide Members with the Letters of Assurance required by the external auditor as part of the Statement of Accounts process and to present the Letter of Representation for 2022/2023.
- 1.2 To receive the Audit Completion Report from the Council's external auditor, Mazars LLP, concerning the financial statements for 2022/2023, which provides their opinion on both the Council's Statement of Accounts and its arrangements for securing economy, efficiency and effectiveness in its use of resources (Value for Money).
- 1.3 To provide an audited Statement of Accounts for 2022/2023, revised to take into account the auditor's findings, for approval by the Committee.

**2.0 DESCRIPTION OF DECISION**

- 2.1 Members are recommended to:
  - 2.1.1 Note the contents of the Letter of Assurance from those charged with governance (Appendix A) and the Letter of Assurance from those charged with discharging management processes and responsibilities (Appendix B);
  - 2.1.2 Note the contents of the Letter of Representation (Appendix C);
  - 2.1.3 Note the contents of the Audit Completion Report (Appendix D) provided by Mazars LLP;
  - 2.1.4 Approve the revised Audited Statement of Accounts for the financial year ended 31 March 2023 (Appendix E); and
  - 2.1.5 Agree that, should any amendments to the Statement of Accounts be required after the meeting of the Audit and Governance Committee, these be agreed by the Director of Finance in conjunction with the Chair. Members of the Audit and Governance Committee will be notified of any agreed changes.

### **3.0 BACKGROUND**

- 3.1 The Accounts and Audit Regulations set the statutory audit deadlines for local authorities to approve and publish their accounts for 2022/2023. The Council was required to publish its draft Statement of Accounts no later than 31 May and its audited Statement of Accounts no later than 30 September. Due to delays in the Council receiving pension valuation information for the Local Government Pension Scheme (LGPS) for both financial years ended 31 March 2022 and 31 March 2023 the Council was unable to publish the draft Accounts until the 6 July 2023. As required an Accounts Delay Notice was published on 31 May 2023 which set out the reasons as described above.
- 3.2 The Council's Section 151 Officer is required to prepare a Letter of Representation setting out the principles used in preparing the accounts and providing the external auditor with the necessary assurances required by regulation.
- 3.3 Mazars LLP are required to report to Members on the Statement of Accounts and certain other matters to Members prior to an opinion being provided on the Council's accounts.
- 3.4 Mazars LLP has audited the financial statements of the Council in accordance with the Local Audit and Accountability Act 2014, the Code of Audit Practice issued by the National Audit Office and International Standards on Auditing (ISA) issued by the Auditing Practices Board.
- 3.5 Once the Audit and Governance Committee has noted the contents of this report, Mazars LLP can then formally provide an opinion on the Statement of Accounts for the year ended 31 March 2023.
- 3.6 In line with auditing standards, Mazars LLP produces an Audit Completion Report, in which the auditor's opinion is that the financial statements present a true and fair view of the financial position of the Council as at 31 March 2023 and the Group's expenditure and income for the year then ended. The Audit Completion Report 2022/2023 is included at Appendix D on the agenda. The Audit Completion Report is in addition to the Annual Audit Letter which will be issued in due course.
- 3.7 The audited Statement of Accounts 2022/2023 is set out at Appendix E on the agenda for approval.

### **4.0 KEY MESSAGES**

- 4.1 The full communication is included in the Audit Completion Report, and in summary concludes that:

- Audit Opinion – At the time of issuing the report, and subject to satisfactory conclusion of the remaining audit work, Mazars anticipate issuing an unqualified opinion on the financial statements;
- Value for Money – There is still some work to be completed in this area however, Mazars anticipate concluding that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources;
- Whole of Government Accounts – Mazars have received the National Audit Office’s group instructions in relation to the Whole of Government Accounts (WGA) and will complete the required work in relation to this; and
- Wider Powers - No objections or questions have been received by the auditors from local electors during the audit.

## **5.0 AMENDMENTS TO THE ACCOUNTS**

- 5.1 The auditors have identified a small number of misstatements in the accounts which are detailed in section 6 of the auditor’s Audit Completion Report at Appendix D.
- 5.2 Some minor points and presentational changes have also been reflected in the revised accounts. These are also summarised in section 6 of the Audit Completion Report.

## **6.0 SIGNIFICANT ITEMS OF AUDIT WORK STILL TO BE FINALISED**

- 6.1 The only area of audit work still to be finalised is the receipt of the required assurance from the T&W Pension Fund auditors on the 2022/2023 Pension Fund accounts.
- 6.2 The Letter of Representation at Appendix C sets out the principles used in preparing the accounts and provides the external auditor with the necessary assurances. Once the outstanding work has been completed, any additional misstatements will be added to the Letter of Representation and circulated to Members.

## **7.0 FORMAL OPINION**

- 7.1 In line with the reporting requirements set out in the Accounts and Audit Regulations, Mazars LLP would ideally have provided an opinion on the Statement of Accounts for 2022/2023 by the end of September 2023 and the Council would have authorised the Accounts for issue and published them on its website. As this has not been possible, due to the requirement on audit firms to clear the backlog of audit work relating to previous years impacting on the timely delivery of the 2022/2023 audit, the Council has published the required notice to advise of the delay.

