

Waverley Borough Council

Report to: Audit Committee

Date: 11 September 2023

Ward(s) affected: All

Report of Director: Transformation & Governance

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Report Status: Open

Statement of Accounts 2021/22

1. Executive Summary

The purpose of this report is for the Audit Committee to consider and approve the Statement of Accounts for the year ended 31 March 2022.

2. Recommendation to Committee

That the Audit Committee approves:

- 2.1. Delegation to the Chair of Audit Committee and the S151 Officer to approve the Statement of Accounts for the financial year ended 31 March 2022;
- 2.2. Delegation to the Chair of Audit Committee and the S151 Officer to approve the Letter of Representation for 2021/2022; and

- 2.3. Confirms that the accounts have been prepared on a going concern basis.

3. Reason(s) for Recommendation:

- 3.1. The Accounts and Audit Regulations 2015 set out the requirements for the production and publication of the annual Statement of Accounts. These Regulations incorporate a statutory requirement for the Statement of Accounts to be approved by a resolution of a Committee of the relevant body by 31 July 2022. However, the Accounts and Audit (Amendment) Regulations 2022 introduced a temporary change to the required dates, moving the statutory requirement for the Statement of Accounts to be approved by a resolution of a Committee of the relevant body by 30 November 2022. The Council published its pre-audit accounts on 31 July 2021 and submitted them for audit. Waverley's external auditors, Grant Thornton, informed us that they would not be able to meet the required 30 November date and asked to delay the Audit Committee. A statutory notice was published on the website to this effect.
- 3.2. The Chief Finance Officer (Section 151 Officer) retains responsibility for the preparation of the Statement of Accounts and is required to certify that they give a true and fair view of the financial position of the Council for the year ended 31 March 2022. In February 2007, the Council formally delegated the authority for approving Waverley's annual accounts to the Audit Committee. Members' role in approval is to demonstrate their ownership of the Statement of Accounts and their confidence in both the Chief Finance Officer and the process by which the accounting records are maintained and the Statement of Accounts prepared.
- 3.3. This report requests a delegation of the approval of the Statement of Accounts. The audit work is completed by Grant Thornton on the Waverley accounts. However, there is a requirement for the Surrey Pensions audit to have been completed before Waverley can authorise the accounts for issue. This is not complete at the time of writing, however is shortly due and not anticipated to impact Waverley's Statement of accounts. Therefore officers are requesting

a delegation to the Chair of the Audit Committee alongside the S151 Officer to enable sign off as soon as possible.

4. Exemption from publication

- 4.1. Not applicable.

5. Purpose of Report

- 5.1. To approve the 2021/2022 statement of accounts following the audit by Grant Thornton.

6. Strategic Priorities

- 6.1. A financially sound Waverley, with infrastructure and services fit for the future.
- 6.2. Waverley's published Accounts are a key document that helps to demonstrate the Council's accountability for public funds. The accounts support the Council's key objective of providing good value for money by showing how the Council's resources have been utilised.

7. Background

Statement of Accounts 2021/2022

- 7.1. The Statement of Accounts for 2021/2022 is included as a separate document at Annexe 1. This Statement of Accounts is an amended version of the unaudited accounts presented for audit and published on the Council's website in July 2022 to reflect a small number changes identified during the audit, these include a number of presentational improvements that officers have agreed would improve the document. These changes are detailed in Annexe 2.
- 7.2. The Narrative Report to the Accounts highlights the key issues and shows the headline figures.

- 7.3. The format and content of the accounts is largely prescribed by regulation and the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Local Authority Accounting (the Code). It is a requirement that the accounts are arranged with all core financial statements grouped together followed by all notes to these statements in a separate section. The supplementary statements, Housing Revenue Account (HRA) and Collection Fund, are grouped separately with their corresponding notes section.
- 7.4. The unaudited Statement of Accounts is available on the Council's website. This will be replaced with the final version following this Audit Committee meeting.
- 7.5. The Audit Findings Report following the audit of the Council's accounts for 2021/2022 by Grant Thornton is included on this agenda.
- 7.6. It is a requirement that the Council issues a Letter of Representation to its external auditors at the conclusion of the audit and this is referred to in Grant Thornton's Audit Findings Report. The draft Letter of Representation is attached at Annexe 3.
- 7.7. Alongside the accounts the Council must publish the Annual Governance Statement which is a statutory document which helps ensure there are the correct controls in place to enable the council to deliver its services and functions and minimise risk to the Council. The 2021/22 Annual Governance Statement is attached at Annexe 4.

Going Concern Report

- 7.8. International Audit Standards require the Audit Committee to provide confirmation that the 2021/2022 Statement of Accounts have been prepared on a 'going concern' basis. The going concern concept is one of the core principles underpinning local authority accounting practice and refers to the assumption made when the Accounts are prepared that the organisation will continue to operate for at least 12 months following the accounting period in question, taking into consideration best estimates of future activity and cash flows.

7.9. The main issues around the application of the 'going concern' concept are to consider the medium term financial plans and cash flow forecasts in existence to ensure the continuing operation of the Council. As explained in the Narrative report to the accounts, the impact of Covid-19 and External economic factors on Waverley's finances in 2021/2022 has been significant and this impact is likely to continue in to future years. This emerging position after the balance sheet date must influence the going concern statement.

7.10. CIPFA has issued specific guidance on how local authorities should report their going concern statement in the light of the Covid-19 impact. Whilst this guidance confirms that local authorities cannot cease to be a going concern, or be liquidated or cease to operate, it suggests areas that should be reported to give assurance to the Council about the organisation's current and future financial position.

7.11. Waverley's Medium-Term Financial Plan (MTFP) (2022/2023 to 2024/2025) was agreed by Council in February 2022, and further updated MTFP (2023/24 to 2025/26) agreed by Council in February 2023. The MTFP forecasts the Council's financial performance and identifies budget pressures for the three years of the plan and demonstrates that the Council has sound plans to continue operating. The external factors have continued to directly and indirectly affect the Council's operations and financial position. This ongoing impact was considered in the MTFP and was carefully scrutinized through the approval process. Officers have implemented more robust and more frequent monitoring arrangements to ensure that the Council has early warning of adverse variations to the forecast so that it can take corrective action.

8. Consultations

8.1. In July 2022 Members of the Audit Committee received the unaudited 2021/2022 Accounts.

- 8.2. The unaudited accounts are available for public inspection following publishing as required in Section 25 of the Local Audit and Accountability Act 2014.

9. Key Risks

- 9.1. The preparation of the Statement of Accounts and the audit scrutiny provide reassurance that the accounts give a true and fair view of the financial position of the Council for the year ended 31 March 2022.

10. Financial Implications

- 10.1. There are no additional resource implications resulting from the 2021/2022 Statement of Accounts. The Accounts set out Waverley's financial position at the year-end in a format which is prescribed by Regulations and the Local Government Accounting Code of Practice.

11. Legal Implications

- 11.1. The Accounts set out Waverley's financial position at the year-end in a format which is prescribed by Regulations and the Local Government Accounting Code of Practice.

12. Human Resource Implications

- 12.1. None.

13. Equality and Diversity Implications

- 13.1. There are no direct equality, diversity or inclusion implications in this report. Equality impact assessments are carried out when necessary across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act.

14. Climate Change/Sustainability Implications

14.1. Sound financial management supports the Council in achieving its objectives with regard to the Climate emergency declaration.

15. Summary of Options

17.1. There is a statutory requirement for the approval and publication of the annual Statement of Accounts.

16. Conclusion

18.1. The statutory accounts have now had the scrutiny of external audit and require approval for final publication.

17. Background Papers

19.1. There are / are no background papers, as defined by Section 100D(5) of the Local Government Act 1972).

18. Appendices

Annexe 1 – The Statement of Accounts for 2021/2022

Annexe 2 – Changes to the Unaudited Accounts 2021/2022

Annexe 3 – Letter of Representation 2021/2022

Annexe 4 – Annual Governance Statement 2021/22

Please ensure the following service areas have signed off your report.

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Service	Sign off date
Finance / S.151 Officer	31/8/23
Legal / Governance	
HR	n/a
Equalities	n/a

Lead Councillor	n/a
CMB	n/a
Executive Briefing/Liaison	n/a
Committee Services	