



Committee and Date

Audit Committee
28th September 2023

Item

Public



Approval of the Council's Statement of Accounts 2021/22

Responsible Officer:

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Cabinet Member (Portfolio Holder):

Cllr Gwilym Butler, Finance & Corporate Support

1. Synopsis

This report provides for the final approval of the Statement of Accounts for 2021/22, detailing the final amendments to the Draft Statement of Accounts during the audit process.

2. Executive Summary

2.1. The statutory deadline for publishing the audited 2021/22 accounts was 30th November 2022. The audit of the 2021/22 accounts has been delayed significantly due to a combination of technical accounting issues and delays in carrying out audit work. The following timeline demonstrates when these issues have arisen:

Date	Requirement/Issue
March 2022	Auditors raise queries over treatment of Infrastructure Assets relating to 2020/21 accounts which were still open.
May – June 2022	CIPFA consultation on Infrastructure Assets
20 th July 2022	Draft Statement of Accounts published by the Council (11 days before statutory deadline of 31 st July)
30 th November 2022	Statutory deadline for publishing audited accounts (not met due to Infrastructure issue)

12 th January 2023	CIPFA issue Bulletin: Accounting for Infrastructure Assets
14 th February 2023	Audit Committee receive and approve 2021/22 Statement of Accounts including adjustments for Infrastructure assets.
31 st March 2023	Auditors informally raise potential issue around impact of triennial valuations for 2021/22 accounts
8 th June 2023	Auditors formally confirm 2021/22 audit work fundamentally complete however new issue highlighted with triennial valuations affecting IAS19 within accounts.
5 th September 2023	Auditors confirm happy with IAS19 restatement work and subsequent queries raised.
7 th September 2023	Auditors raise query around whether (Reinforced Autoclaved Aerated Concrete (RAAC) could be an issue for Shropshire and therefore will be a further delay to signing off 2021/22 accounts until this is resolved.

- 2.2. It should be noted that each time the issues have arisen which have impacted on the ability to sign off the accounts, these have been national issues which organisations such as the National Audit Office, CIPFA and hence the PSAA pass on to local audit firms to investigate.
- 2.3. As shown in the table above, the 2021/22 accounts cannot be signed off as complete due to issues now being raised around whether RAAC may be a prevalent issue for Shropshire and so potentially affect asset valuations. All other issues relating to 2021/22 accounts have been closed down now and had the RAAC issue not arisen, the intention was for the letter of representation and audit findings report to be presented at this audit committee. It is now anticipated that this will need to be deferred to November 2023 Audit Committee.

3. Recommendations

- 3.1. Consider and approve the amendments made to the 2021/22 Statement of Accounts as a result of triennial pension valuation.
- 3.2. Note that the audit opinion on the 2021/22 Statement of Accounts will be delayed until the Council can state the potential impact that RAAC would have on the Council's asset base.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. Details of the potential risks affecting the balances and financial health of the Council are detailed within the Statement of Accounts that has been subject to audit. The Audit Findings Report, which will be delayed due to the RAAC issue,

highlights that the audit work has been focussed on the significant risk areas identified for the audit.

5. Financial Implications

5.1. This report considers the overall financial position of the Authority in the form of the Council's Statement of Accounts. The accounts consider the level of assets controlled and owned by the Authority, and the level of balances of held.

6. Climate Change Appraisal

6.1. The information contained within this report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation; or on climate change adaption.

7. Background

7.1. The Audit Committee has received a number of reports relating to the approval and audit of the 2021/22 Statement of Accounts:

Audit Committee Date	Report Received
20 th July 2022	Approval of the Council's Draft Statement of Accounts 2021/22
24 th November 2022	Draft Audit Findings Report 2021/22
14 th February 2023	Approval of the Council's Statement of Accounts
	Audit Progress Report 31 March 2022

7.2. These have provided updates on the progress of the audit and various national issues that have arisen which have delayed the audit opinion being issued.

8. Additional Information

8.1. Since Audit Committee reviewed and approved the 2021/22 accounts on 14th February, the Council has updated the accounts to reflect the impact of the triennial valuation on the Pension Fund. The table below details the changes that have been made within the core statements for this issue:

Value in Draft Accounts (£'000)	Amendment (£'000)	Value in Final Accounts (£'000)	Section in Statement of Accounts Amended
Comprehensive Income and Expenditure Statement			
262,932	-233	262,699	Net Cost of Services
31,872	-24	31,848	Financing and Investment Income and Expenditure
-15,762	-257	-16,019	(Surplus) or Deficit on Provision of Services
-63,870	38,162	-25,708	Remeasurement of the Net Defined Benefit Liability
-111,894	37,905	-73,989	Total Comprehensive Income and Expenditure

Balance Sheet			
-498,624	-37,905	-536,529	Pensions Liability
322,999	-37,905	285,094	Net Assets
156,247	-37,905	118,342	Unusable Reserves
322,999	-37,905	285,094	Total Reserves

In addition, the impact of these changes have been reflected in the following Notes to the Accounts and throughout Group Accounts:

- Note 5** – Assumptions made about the Future and Other Major Sources of Estimation Uncertainty
- Note 6** – Events after the Reporting Period
- Note 7** – Expenditure and Funding Analysis
- Note 8** – Note to the Expenditure and Funding Analysis
- Note 9** – Expenditure and Income Analysed By Nature
- Note 11** – Adjustments between Accounting Basis and Funding Basis Under Regulations
- Note 14** – Financing and Investment Income and Expenditure
- Note 30** – Unusable Reserves
- Note 31** – Cash Flow Statement – Operating Activities
- Note 42** – Defined Benefit Pension Schemes

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Approval of the Council's Draft Statement of Accounts 2021/22 – Audit Committee, 20th July 2022

Draft Audit Findings Report 2021/22 – Audit Committee, 24th November 2022

Approval of the Council's Statement of Accounts – Audit Committee, 14th February 2023

Audit Progress Report 31 March 2022 – Audit Committee, 14th February 2023

Local Member: All

Appendices

None