



**Committee and Date**

Audit Committee

28<sup>th</sup> September 2023

Item

Public



# Approval of the Council's Statement of Accounts 2022/23

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<b>Cabinet Member (Portfolio Holder):</b>	Cllr Gwilym Butler, Finance & Corporate Support		

## 1. Synopsis

This report sets out the Statement of Accounts for 2022/23, detailing any amendments made to the Draft Statement of Accounts during the audit process, and progress of the audit of the accounts.

## 2. Executive Summary

2.1. Within the Shropshire Plan priority to deliver a Healthy Organisation is the Strategic Objective: We will put our resources in the right place using accurate data, insights, and evidence to support the delivery of the organisation's priorities and balance the books. The Statement of Accounts demonstrates how the organisation has spent its resources during the course of the year to deliver its priorities and demonstrates the financial position of the Council.

2.2. For 2022/23 the statutory deadlines for publishing the final audited accounts is 30<sup>th</sup> September with unaudited accounts needing to be published by 31<sup>st</sup> May. The table below summarises the key deadlines with regards to preparing and approval of the Statement of Accounts.

Task	Responsible Organisation	Deadline
Year end	N/A	31st Mar 2023
Produce and approve Draft Accounts	Local Authority	31st May 2023 - Statutory deadline <b>Complete (31st May 2023)</b>
External Audit carried out	External Audit	19th Jun – 30 Sep 2023 <b>(Substantive testing due to be completed by 30<sup>th</sup> September, further audit work and review to take place in October and November)</b>
Approve and Publish Audited Accounts	External Audit / Local Authority	30th Sep 2023 – Statutory deadline <b>(Unable to meet this as audit not complete, Grant Thornton plan to complete audit work by end of November 2023)</b>

### 3. Recommendations

- 3.1. Consider the amendments currently proposed to the 2022/23 Statement of Accounts and note that due to the audit not being completed by the statutory deadline, the approval of the audited Statement of Accounts will have to be deferred until the November Audit Committee.

## 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, that will be provided at the November audit committee, 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 adaptation.

### 7. Background

- 7.1. The Accounts and Audit Regulations 2015 state that members are required to approve the annual accounts after, rather than before, the findings of the audit are

known. The statutory deadline for audited accounts to be published is 30<sup>th</sup> September, however Grant Thornton have stated that they will be unable to meet this timeframe and are instead planning to finalise the audit of the 2022/23 accounts by 30 November.

## 8. Additional Information

- 8.1. Grant Thornton began the audit of 2022/23 accounts on 19<sup>th</sup> June 2023 and the audit has progressed over the course of the summer.
- 8.2. Following the publication of the Draft Statement of Accounts on 31<sup>st</sup> May, the auditors highlighted the need to update the IAS19 figures relating to pensions for the 2021/22 accounts to reflect the triennial actuarial valuation that had been completed on 31 March 2022. This would also impact on the opening balances and figures quoted in the 2022/23 IAS19 report and so a revised IAS19 statement for 2022/23 accounts was requested and the following amendments have been made to the draft accounts:

Value in Draft Accounts (£'000)	Amendment (£'000)	Value in Final Accounts (£'000)	Section in Statement of Accounts Amended
<b>Comprehensive Income and Expenditure Statement</b>			
328,916	-440	328,476	Net Cost of Services
47,286	+1,015	48,301	Financing and Investment Income and Expenditure
70,589	+575	71,164	(Surplus) or Deficit on Provision of Services
-419,732	-29,449	-449,181	Remeasurement of the Net Defined Benefit Liability
-390,020	-28,874	-418,894	Total Comprehensive Income and Expenditure
<b>Balance Sheet</b>			
-117,328	-9,031	-126,359	Pensions Liability
713,019	-9,031	703,988	Net Assets
581,193	-9,031	572,162	Unusable Reserves
713,019	-9,031	703,988	Total Reserves

\* The total movement in year of £28,874,000 as shown in the Income and Expenditure Statement includes the movement in the 2021/22 opening balance of the Pensions Liability and Unusable Reserves of £37,905,000.

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

**Note 4** – Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

**Note 6** – Expenditure and Funding Analysis

**Note 7** – Note to the Expenditure and Funding Analysis

**Note 8** – Expenditure and Income Analysed By Nature

**Note 10** – Adjustments between Accounting Basis and Funding Basis Under Regulations

**Note 13** – Financing and Investment Income and Expenditure

**Note 31** – Unusable Reserves

**Note 32** – Cash Flow Statement – Operating Activities

**Note 41** – Defined Benefit Pension Schemes

- 8.3 No further amendments have been identified during the course of the audit work completed so far.
- 8.4 In the last 2 weeks, it has been highlighted nationally that Reinforced Autoclaved Aerated Concrete (RAAC) has been identified initially in school buildings across the country which may result in buildings having to shut, and for the accounts, may impact on the valuations held within the accounts. There have been no schools identified in the Shropshire Council area that have RAAC, and the property and development team are now reviewing other buildings that the Council are responsible for to identify if RAAC is present. Should any amendments be required to asset values held within the account, this will be notified in the final audit adjustments presented to the November Audit Committee.

## 9. Next Steps

- 9.1. Following conclusion of the audit work in November, the audited accounts will be presented to the November Audit Committee for formal approval. This should be accompanied by the Letter of Representation which provides assurance to the auditors that the information submitted within the accounts is accurate and all material information has been disclosed to the auditors. Also the auditors will produce the Audit Findings Report for 2022/23 which will provide the audit opinion on the accounts.

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

Audit Committee, 22<sup>nd</sup> June 2023 - Approval of the Council's Draft Statement of Accounts 2022/23

**Local Member:** All

### Appendices

None