

Annual Accounts 2022/23 Arrangements

REPORT TO AUDIT AND STANDARDS COMMITTEE



DATE	16 March 2023
PORTFOLIO	Resources & Performance Management
REPORT AUTHOR	Amy Johnson
TEL NO	(01282) 475869
EMAIL	ajohnson@burnley.gov.uk

PURPOSE

1. To update the Audit and Standards Committee on the arrangements made to date and the implications of the changes required for the Council ahead of the closure of the 2022/23 accounts.
2. To seek approval for the accounting policies to be used in producing the Statement of Accounts as set out in Appendix 1.
3. To inform Members that a date will be confirmed nearer the time for a final accounts workshop for Audit and Standards Committee Members to allow officers to present the 2022/23 Statement of Accounts and explain the findings and issues.
4. Members will recall that following a consultation exercise by DLUCH the deadlines for completion of the draft and audited statement of Accounts were extended for the 2020/21 and 2021/22 financial years to 31 July (previously 31 May) for the draft Statement of Accounts and 30 September for the audited Statement of Accounts (previously 31 July). Legislation was later introduced to further extend the deadline for the 2021/22 audited Statement of Accounts to 30 November. These extensions have now come to end. The deadline for the 2022/23 draft Statement of Accounts has reverted back to 31 May however following a consultation exercise the Government has announced that the deadline for the audited Statement of Accounts is now 30th September. This extension runs for 6 years to 2027/28, until the end of the next PSAA appointing period at which time it will be reviewed. The extension to 30 September is to help mitigate the extent of ongoing delays in publishing the audited 2020/21 Statement of Accounts and capacity issues within the audit sector.

RECOMMENDATION

5. Note the report and arrangements that the Council is making in advance of the closure of accounts for the year 2022/23.
6. Approve the proposed accounting policies to be followed in producing the Statement of Accounts as shown in Appendix 1.
7. Note the revised deadlines for publication of the draft and audited Statement of Accounts.

REASONS FOR RECOMMENDATION

8. The Council has a statutory duty to approve the accounts for 2022/23 by the 30 September 2023.
9. To ensure that the Council complies with requirements in relation to the Statement of Accounts.
10. To explain the actions being taken to minimise the risks to the final accounts process.

SUMMARY OF KEY POINTS

11. The 2022/23 accounts are to be produced under the Code of Practice on Local Authority Accounting in the UK for 2022/23 standards and will require similar detail and analysis.
12. Following a consultation exercise DLUHC announced that the deadline for completion of the draft Statement of Accounts would be extended from 31 May to 31 July and the audited Statement of Accounts from 31 July to 30 September for a 2-year period – 20/21 and 21/22. These deadlines were in accordance with recommendation 10 of the Redmond Review. Legislation was later introduced to further extend the deadline for the 2021/22 audited Statement of Accounts to 30 November. The intention was for the amended deadline to be reviewed after that period when it will be clearer as to whether the audit completion rate has improved.
13. The extension has come to an end with the deadline for completion of the draft Statement of Accounts reverting back to 31 May however following a consultation exercise the Government has announced that the deadline for the audited Statement of Accounts is now 30th September. This extension runs for 6 years to 2027/28, until the end of the next PSAA appointing period at which time it will be reviewed. As committed to in December 2022, the Government has stated that is minded to keep these deadlines in place, however a consultation exercise was launched (closed 2 March 2023) to obtain the views of the sector. Whilst the results of the consultation are reviewed, DLUHC has stated that is expects local authorities to continue to work towards the deadline of 31 May.
14. **The changes affecting this Council are:**
 - Last years' successful exercise to declutter the Statement of Accounts should be undertaken again with a view to reducing the size of the Statement.
 - The implementation of IAS 16 (Leases) has been delayed for a further year to 1 April 2024.
15. **Preparation**
Training
 - Preparation for the closure of 2022/23 accounts is to include both formal and informal training for staff in Finance which will again include examples of how to speed up the process of closure of accounts and the production of the statement of accounts.

- Staff have attended formal training courses by the Council’s auditors’ Grant Thornton and CIPFA and have taken an active role in regular discussions among peer groups across Lancashire and the North West.

Once again this year, it is intended to give Members of the Audit and Standards Committee a training presentation to assist with their understanding of the accounts. Following discussions with the Council’s Auditor, Grant Thornton LLP a date will be confirmed nearer the time.

Planning

- The year-end closure memorandum has been sent to Management Team, Heads of Service and various key officers of the Council and our colleagues in Liberata, giving details of the year end processes and timetable.

Procedures & systems

- Changes to procedures and systems which had been implemented during the previous three years will continue to be used and refined during 2022/23 closedown.

16. Calculation of Impact

Updating Accounting Policies

- The accounting policies have been reviewed. There are no significant changes and there is no material financial impact of adopting the changes. Appendix 1 shows the proposed accounting policies to be adopted in closing the accounts for 2022/23.

17. Annual Governance Statement

- The formal statement that recognises, records and publishes a local authority’s governance arrangements. It incorporates a review of its internal controls and assurance gathered from all parts of the Council. Further details are provided in a separate report to this Audit and Standards Committee meeting for approval alongside the Statement of Accounts. There are no significant changes in the requirements for the statement.

18. Risks

The risks of non-compliance with the requirement to have a “fit for purpose” statement of accounts prepared by 31 May 2023 and reported to members with an unqualified audit opinion by 30 September 2023 are (not necessarily exhaustive):

- Failure to have assets revalued by the date shown in the timetable. To mitigate this risk, officers have completed the great majority of this work in December 2022.
- Key staff becoming unavailable during the closure process. Planning of staff availability will help mitigate the risk but this risk will be managed should the situation arise.
- Failure to fully identify and incorporate the requirements of the 2022 Code. This is unlikely given the few changes from the 2022 Code.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

19. None

POLICY IMPLICATIONS

20. Changes to the Council's Accounting Policies.

DETAILS OF CONSULTATION

21. None

BACKGROUND PAPERS

22. 2022 Code of Practice on Local Authority Accounting in the UK.

23. Papers and publications held in Finance.

FURTHER INFORMATION

PLEASE CONTACT:

Amy Johnson – Finance Manager

ALSO:

Howard Hamilton-Smith – Head of Finance & Property