

Annual Accounts 2022/23

REPORT TO AUDIT AND STANDARDS COMMITTEE



DATE	28 September 2023
PORTFOLIO	Resources & Performance Management
REPORT AUTHOR	Amy Johnson
TEL NO	01282 425011
EMAIL	ajohnson@burnley.gov.uk

PURPOSE

1. To present the Council's audited Statement of Accounts for 2022/23, to obtain the formal approval of the Committee to the audited accounts, and to ask that they be signed by the chair of the Committee.
2. To ask the Audit and Standards Committee to approve the Letter of Representation from the Director of Resources to Grant Thornton (the external auditors) and to ask that it be signed by the chair of the Committee.
3. To inform the Audit and Standards Committee of the audit findings.
4. To ask the Audit and Standards Committee to approve the signed 2022/23 Annual Governance Statement.

RECOMMENDATION

5. Members are asked to:
 - a) Approve and sign the Statement of Accounts and agree that the Director of Resources and chair of this Committee be given delegated authority for any non-material changes to the audited Statement of Accounts following the conclusion of the outstanding audit matters
 - b) Approve and sign the Letter of Representation
 - c) Note the audit findings
 - d) Approve the Annual Governance Statement signed as at September 2023.

REASONS FOR RECOMMENDATION

6. The deadline for publication of the draft Statement of Accounts was 31 May 2023 with the audited Statement of Accounts to be published by 30 September 2023. The draft Statement of Accounts was published in accordance with the required deadline. Approval of the audited Statement of Accounts will ensure publication in accordance with the required deadline of 30 September 2023.

SUMMARY OF KEY POINTS

7. The 2022/23 Statement of Accounts have been produced under the Code of Practice on Local Authority Accounting in the UK to 2022/23 standards.
8. The deadline for publication of the draft Statement of Accounts was 31 May and the audited Statement of Accounts 30 September.
9. The Council was able to comply with its statutory duty to publish an unaudited Statement of Accounts by the 31 May 2023.
10. The external audit of the Statement of Accounts has now been concluded by Grant Thornton with the exception of the following outstanding matters:
 - Finalisation of queries in relation to some areas of sample testing
 - Completion of work on the pension figures
 - Testing of the housing benefit subsidy system
 - Completion of final quality checking procedures

I am pleased to report that the Council's auditors are satisfied that the accounts present a true and fair view of the Council's financial position and on completion of the above outstanding matters anticipate that the audit opinion will remain unqualified. It is requested that approval of any non-material amendments to the audited Statement of Accounts arising following the conclusion of the above outstanding areas of testing be delegated to the Director of Resources and the chair of the Committee. The audited Statement of Accounts is attached for information and final approval as Appendix 1.

11. There have been three recommendations for the Council, which are detailed below along with our proposed actions to mitigate the recommendation:
 - We recommend the Council engage a further valuation for those Heritage assets not covered by the 2023 programme.

Management Response: Due to capacity issues with our external valuer, Bonhams, a full valuation of the Council's heritage assets was not completed for the 2022/23 financial year. Instead, a partial revaluation of the major exhibits was carried out with a valuation date of 31 March 2023. The Council's external valuer is currently in the process of undertaking a desktop valuation of those assets not covered by the 2023 programme. This will conclude the valuation of the Council's heritage assets.

The Council was unable to perform a desk top exercise to value those assets not valued as a 31 March 2023 due to a lack of local indicators that could be used to provide a reliable estimate of the asset value.

- We recommend the Council carries out a regular check on the UEL's of its assets to ensure these are in line with the depreciation policy for each category of asset.

Management Response: The Council has reviewed and updated the Depreciation Policy to reflect the UEL of assets. The updated policy is included within the audited 2022/23 Statement of Accounts.

An annual review of the UEL of assets will be undertaken to ensure that they are in line with the Council's Depreciation Policy.

- We repeat our recommendation from 2021/22 that management complete their own detailed assessment to confirm the value of assets not covered within the revaluation programme are fairly stated.

Management Response: The Council values its investment and surplus properties on an annual basis. For the remainder of its land and buildings it has a 5-year rolling programme of asset valuation. This complies with CiPFA's Code of Practice. Where assets are included within the 5-year rolling programme, the Council's valuer undertakes a desktop exercise to review every asset that is not included within that year's valuation. If any issues are found, then the valuer undertakes a full valuation of that asset. Similarly, if any issues are identified in assets that have been valued that year, other assets in that class of assets will be valued. The Council's valuer will investigate the benefit of and consider the use of indices as part of the desktop exercise in future years.

12. The wording of the external auditor's opinion on the Statement of Accounts is contained within the auditor's Audit Findings Report (Appendix 3). Once the opinion and conclusion have been formally disclosed to the Committee they will form part of the published Statement of Accounts on the Council's website. The chair of the Audit and Standards Committee is required to sign the Statement of Accounts prior to the publication.
13. A separate VFM review is also carried out by Grant Thornton. It is anticipated that this review will be concluded by December 2023 and the findings reported to committee at a meeting to be confirmed.
14. Part of the process of obtaining a favourable opinion from the external auditor is that representations are required to be made by the Chief Financial Officer about a range of issues upon which confidence is placed during the course of the audit. These representations are contained in the Letter of Representation which is attached as Appendix 2. The Director of Resources, as the Council's statutory Chief Finance Officer (Section 151 Officer), will sign this letter at your meeting after discussion with the Audit and Standards Committee. In accordance with external audit requirements the Chair is also asked to sign the letter of representation.
15. The production of an Annual Governance Statement is a statutory requirement of the Council, and is to be produced in accordance with proper practice, using guidance from CiPFA, (Chartered Institute of Public Finance and Accountancy) and SOLACE (Society of Local Authority Chief Executives). The 2022/23 Annual Governance Statement was originally reported to and approved by Committee in July 2023. A copy of the AGS is included in Appendix 4 for information. A copy signed as at September 2023 will be circulated to Members at their meeting.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

16. Audited Statement of Accounts as Appendix 1

POLICY IMPLICATIONS

17. None

DETAILS OF CONSULTATION

18. None

BACKGROUND PAPERS

19. None

FURTHER INFORMATION

PLEASE CONTACT:

Howard Hamilton-Smith – Director of Resources

ALSO:

Amy Johnson – Finance Manager