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| Report Title: | 2022/23 draft accounts, an update on pending audit and progress update on objections on the 2020/21 and 2021/22 accounts |
| Contains Confidential or Exempt Information | No - Part I |
| Cabinet Member: | Councillor Jones, Deputy Leader and Cabinet Member for Finance |
| Meeting and Date: | Audit and Governance Committee – 20 th July 2023 |
| Responsible Officer(s): | Andrew Vallance, Deputy Director of Finance and Interim S151 Officer |
| Wards affected: | All |

REPORT SUMMARY

This report notifies members that RBWM's draft 2022/23 accounts were published on 30 June 2023 and asks members to note the publication of the accounts. The report also provides an update on:

- the on-going audit for the financial year 2020/21
- the audit plan for the un-audited accounts for the financial year 2021/22 and 2022/23 by the Council's external auditors, and the progress of objections to the 2020/21 and 2021/22 accounts by the Council's external auditors (verbal update).

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Audit and Governance Committee

- i) notes the publication of the draft accounts for 2022/23;
- ii) notes the update on the outstanding audits and audit plans for the financial years 2020/21, 2021/22 and 2022/23;
- iii) notes the update on the progress on the objections to the accounts for the financial years 2020/21 and 2021/22.

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

Options

Table 1: Options arising from this report

| Option | Comments |
|---|---------------------------------------|
| To note the publication of the draft accounts for 2022/23 To note the update on the outstanding audit for the financial years 2020/21, 2021/22 and 2022/23 | This is the recommended option |

| Option | Comments |
|--|----------|
| To Note the update on the progress on objections to the 2020/21 and 2021/22 accounts | |

- 2.1 The Council is required by statute to publish its draft accounts, so no other options are considered in producing this report.
- 2.2 The format and content of the accounts is subject to legislation and guidance contained in CIPFA's Code of Practice on Local Authority Accounting and relevant accounting standards and legislation. Members of the Audit and Governance Committee, however, may wish to ask questions of the Council's officers and auditors (Deloitte) to gain a deeper understanding of the financial statements and may make recommendations that may assist a reader of the Statement of Accounts.

3. KEY IMPLICATIONS

- 3.1 For the 2022/23 draft accounts, the statutory deadline for the publication of the Borough's draft financial statements was 31 May 2023. The Borough published its draft accounts on 30 June 2023.
- 3.2 The deadline for publishing local authority draft accounts for the 2021/22 financial year was 31 July 2022, which the Borough achieved. The Council, whilst not hitting the deadline for 2022/23, has delivered its accounts one month earlier than last year.
- 3.3 The delay in the publication of the 2022/23 accounts has arisen due to:
- the continued inherent complexity and disclosure requirements of Local Government financial reporting,
 - the delay in completion of the audit of the 2019/20 financial statements, signed by the external auditor on 1 March 2023 which has resulted in amendments being required in subsequent years' statements
 - the impact of the challenges on accounting for Highways Infrastructure Assets with CIPFA Bulletin 12 – Accounting for Infrastructure Assets – Temporary Solution being published on 11 January 2023
 - amendments made to prior year accounts as a result of a detailed review of the Council's accounting records.
- 3.4 The Borough is not alone in not meeting the deadline for the publication of the 2022/23 financial statements. At 31 May 2023, only some 30% of the sector had published their draft accounts and had published the notice for the start of public inspection. There is now a considerable backlog across the sector in publishing audited financial statements for previous years with some 1,000 statements not yet audited. The delay in publishing audited financial statements is such that the Public Accounts Committee has undertaken a review of the situation and published a report on 23 June 2023. The first line of the Summary of the report comments "The system of local government audit is close to breaking point".

Table 1: Key Implications

| Outcome | Unmet | Met | Exceeded | Significantly Exceeded | Date of delivery |
|----------------------------------|----------------------------------|--|--|-------------------------------|-------------------------|
| Date when accounts are published | Published later than 31 May 2023 | Published by the statutory deadline of 31 May 2023 | Published within the statutory deadline of 31 May 2023 | Published by 30 April 2023 | 30 June 2023 |
| | | | | | |

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1 No direct financial implications

5. LEGAL IMPLICATIONS

5.1 In producing and reviewing this report the Council is meeting its legal obligations to monitor its financial position.

6. RISK MANAGEMENT

6.1 We have accessed the risks associated with the current financial statements considered in this report and will be taking steps to mitigate any issues in future statements.

Table: Impact of risk and mitigation

| Risk | Level of uncontrolled risk | Controls | Level of controlled risk |
|---------------------------------------|-----------------------------------|---|---------------------------------|
| Accounts being mis-stated | Low | There is an internal review process in place and also these are externally audited | Low |
| Accounts being delayed for publishing | High | The accounts are overdue as a result of extra work involved due to the public objections and addressing the changes required from earlier years accounts. | High |

7. POTENTIAL IMPACTS

7.1 Equalities. No implications.

7.2 Climate change/sustainability. No implications

7.3 Data Protection/GDPR. No implications.

8. CONSULTATION

- 8.1 A public notice was put onto the Council's website giving interested parties the opportunity to inspect the accounts and related transactions for 30 working days starting on 3 July 2023 and ending on 11 August 2023 and how local electors may correspond with, and make objections to the statement of accounts, to the Borough's external auditors.

9. TIMETABLE FOR IMPLEMENTATION

- 9.1 The accounts were published on 30 June 2023, one month after the statutory deadline of 31 May 2023.
- 9.2 Public inspection of the accounts and related working papers started on 3 July 2023 and will continue until 11 August 2023.
- 9.3 The deadline for publishing the audited financial statements is 30 September 2023. This deadline is unlikely to be met as the external auditor has to complete the audit of the 2020/21 and 2021/22 financial statements before the 2022/23 accounts.

10. APPENDICES

- 10.1 This report is supported by 1 appendix:
- Appendix A – Draft 2022/23 accounts

11. CONSULTATION

| Name of consultee | Post held | Date sent | Date returned |
|-------------------|--|--------------------------------------|---------------|
| <i>Mandatory:</i> | | <i>Statutory Officer (or deputy)</i> | |
| Andrew Vallance | Deputy Director of Finance/ interim S151 Officer | 3/7/23 | 6/7/23 |
| Elaine Browne | Deputy Director of Law & Governance/ Monitoring Officer | 10/7/23 | 10/7/23 |
| | | | |

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| Confirmation relevant Cabinet Member(s) consulted | Deputy Leader and Cabinet Member for Finance | Yes |
|---|--|-----|

REPORT HISTORY

| Decision type: | Urgency item? | To follow item? |
|------------------|---------------|-----------------|
| Non-key decision | No | No |

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| Report Author: Raman Singla, Chief Accountant |
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Equality Impact Assessment

For support in completing this EQIA, please consult the EQIA Guidance Document or contact equality@rbwm.gov.uk

www.rbwm.gov.uk



1. Background Information

| | |
|------------------|--|
| Title of Report: | 2022/23 draft accounts, an update on pending audit and progress update on objections on the 2020/21 and 2021/22 accounts |
| Service area: | <u>Finance</u> |
| Directorate: | <u>Resources</u> |

Provide a brief explanation of the proposal

This report sets out RBWM's draft 2022/23 accounts published on 30th June 2023. provides an update on the on-going audit for the financial year 2020/21 and an update on audit plan for the financial year 2021/22 and 2022/23 by the Council's external auditors. Also, provides an update on the progress of objections on 2020/21 and 2021/22 accounts by the Council's external auditors.

2. Relevance Check

Is this proposal likely to directly impact people, communities or RBWM employees?

No, the Council is required by statute to publish its draft accounts

If 'No', proceed to 'Sign off'. If unsure, please contact equality@rbwm.gov.uk

3. Evidence Gathering and Stakeholder Engagement

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|---|
| Who will be affected by this proposal? For example, users of a particular service, residents of a geographical area, staff |
| N/A |
| Among those affected by the proposal, are protected characteristics (age, sex, disability, race, religion, sexual orientation, gender reassignment, pregnancy/maternity, marriage/civil partnership) disproportionately represented? For example, compared to the general population do a higher proportion have disabilities? |
| N/A |
| What engagement/consultation has been undertaken or planned? <ul style="list-style-type: none">• How has/will equality considerations be taken into account?• Where known, what were the outcomes of this engagement? |
| A 30 days public notice was put onto the Council's website giving residents the opportunity to inspect the accounts and related transactions and correspondence and make objections to external auditors |
| What sources of data and evidence have been used in this assessment? Please consult the Equalities Evidence Grid for relevant data. Examples of other possible sources of information are in the Guidance document. |
| N/A |

4. Equality Analysis

Please detail, **using supporting evidence**:

- How the protected characteristics below might influence the needs and experiences of individuals, in relation to this proposal.
- How these characteristics might affect the impact of this proposal.

Tick positive/negative impact as appropriate. If there is no impact, or a neutral impact, state 'Not Applicable'

More information on each protected characteristic is provided in the Guidance document.

| | Details and supporting evidence | Potential positive impact | Potential negative impact |
|--|---------------------------------|---------------------------|---------------------------|
| Age | Not relevant | | |
| Disability | Not relevant | | |
| Sex | Not relevant | | |
| Race, ethnicity and religion | Not relevant | | |
| Sexual orientation and gender reassignment | Not relevant | | |
| Pregnancy and maternity | Not relevant | | |
| Marriage and civil partnership | Not relevant | | |
| Armed forces community | Not relevant | | |
| Socio-economic considerations e.g. low income, poverty | Not relevant | | |
| Children in care/Care leavers | Not relevant | | |

5. Impact Assessment and Monitoring

If you have not identified any disproportionate impacts and the questions below are not applicable, leave them blank and proceed to Sign Off.

What measures have been taken to ensure that groups with protected characteristics are able to benefit from this change, or are not disadvantaged by it?

For example, adjustments needed to accommodate the needs of a particular group

N/A

Where a potential negative impact cannot be avoided, what measures have been put in place to mitigate or minimise this?

- For planned future actions, provide the name of the responsible individual and the target date for implementation.

N/A

How will the equality impacts identified here be monitored and reviewed in the future?

See guidance document for examples of appropriate stages to review an EQIA.

N/A

6. Sign Off

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| Completed by: Raman Singla | Date: 03/07/2023 |
| Approved by: Andrew Vallance | Date: |

If this version of the EQIA has been reviewed and/or updated:

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|---------------------|--------------|
| Reviewed by: | Date: |
|---------------------|--------------|