

Agenda Item No: 4
Report To: Audit Committee
Date of Meeting: 28 November 2023
Report Title: Statement of Accounts 2021/22, Appointed Auditor's Audit Findings, and Letter of Representation
Report Author: Monica Hutanu
Job Title: Senior Accountant
Portfolio Holder: Cllr. Ovenden
Portfolio Holder for: Prosperity and Resource



Summary: This report presents the 2021/22 Statement of Accounts for approval.

The External Auditor's Findings Report is attached and will be presented by Grant Thornton at the meeting, who will take questions.

The Appointed Auditor is proposing to issue an unmodified opinion on the 2021/22 statement of accounts for the Group.

Once approved signed the accounts will be signed and published.

Key Decision: No

Significantly Affected Wards: N/a

Recommendations: **The Committee is recommended to:-**

- I. Consider the Appointed Auditor's Audit Findings (Appendix A)**
- II. Agree the basis upon which the accounts have been prepared (going concern)**
- III. Approve the 2021/22 Statement of Accounts (Appendix B)**
- IV. Delegate authority to the Chairman of this committee and the Chief Financial Officer to agree any further amendments required to the statements shown at Appendix B.**
- V. Delegate authority to the Chairman of this committee and the Chief Financial Officer to sign and date the accounts as required by Section 10(3) of the Accounts and Audit Regulations 2003, following the stated amendments, as approved by the Council**

VI. Approve the Chief Financial Officer's Letter of Representation to the Appointed Auditor (Appendix C)

**Policy Overview:
Financial
Implications:**

The 2021/22 Statement of Accounts sets out the Council's financial position as at 31 March 2022 and movement in funds during the year.

**Exempt from
Publication:**

No

**Background
Papers:**

N/a

Contact:

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Report Title: **Statement of Accounts 2021/22, Appointed Auditor's Audit Findings, and Letter of Representation**

Introduction and Background

1. Our external auditors (Grant Thornton) have completed the audit of the Council's 2021/22 financial statements.
2. The signing of the 2021/22 Accounts is well beyond that statutory deadline, and the Audit Committee is well aware of the ongoing issues with Public Sector Auditing.
3. The Ashford Accountancy Team would like to thank the Local Grant Thornton Audit Team for their support and professionalism in undertaking the audit, and the good working relationship between the teams which has enabled queries to be progressed in a timely manner, especially in these challenging times, and improve the quality and readability of the accounts.
4. Following the PSAA (Public Sector Audit Appointments) tender of Public Auditors, it is anticipated that resourcing of public sector audit will strengthen and the sector backlog will start to be cleared allowing for more timely audits moving forward, this will however take time.
5. Attached to this report is the Appointed Auditor's Audit Findings report setting out his work and conclusions in respect of the accounts (**See Appendix A**). The Appointed Auditor will be present at the meeting and will introduce the report and take questions.
6. The 2021/22 Statement of Accounts has been completed in accordance with International Financial Reporting Standards (IFRS), as set out in the Code of Practice on Local Authority Accounting in the United Kingdom and relevant Standards.
7. The Auditor is anticipating issuing the group (ABC and A Better Choice for Property Ltd.) an **unmodified opinion** on the Statements of Accounts.
8. It is appreciated that this may be the first time this new committee has seen a statement of accounts (as presented at **Appendix B**) having been presented to the previous audit committee. As we move forward into 2024, the Draft 2023/24 Accounts will be completed and this Committee will be given a session on the presentation of public sector accounts, to help develop a better understanding of the Accounts.)

Proposal

9. The Committee is being asked to approve the Statement of Accounts as presented at **Appendix B**, and delegate authority to the Chairman of this committee and the Chief Finance Officer to sign off the final version following including any further amendments, and approve the letter of Representation.

Basis of Preparation

10. The Statement of Accounts has been prepared on a 'Going Concern' basis, in accordance with recommended accounting practice. This means, for accounting purposes, that the organisation is expected to be in existence for the medium to long term and that the Council has no intention in the foreseeable future of curtailing, materially, the extent of its operations.
11. This basis has been adopted as there are no plans to reorganise local government and no other factors exist that will materially affect the council's operations in the foreseeable future.

The Amended 2021/22 Financial Statements

12. At the Audit Committee meeting of 19 July 2022, committee members were presented with a Draft Statement of Accounts 2021/22. The amendments to the accounts are covered in the Audit Findings Report (Appendices B. Audit Adjustments). The most significant changes that the Accountancy Team feel it is important to highlight are covered below:-

a. Net Pension Liability

As noted in the Audit Findings report, a new pension valuation needed to be obtained from KCC to reflect the completion of the Triennial review which was conducted for 2022/23.

It should be noted however, that the original position as reported within the draft accounts for 2021/22 was correct, but as a consequence of the delays in public sector auditing, more up to date information became available that has to then be considered.

This is a national issue and one that should be resolved as audit sign offs move back to being completed in a timelier manner.

b. Section 106 Contributions

This change in the accounts has no impact on the funds held, or the primary statement to which they relate, but just where they are shown within the statement of financial position.

While the change and fresh judgement has been accepted and supported by the Accountancy Team, the way it was originally reported in the draft accounts was consistent with previous years, where the approach was signed off by Grant Thornton.

As previously mentioned though, the good working relationship between the two teams allows for healthy challenge and debate around the interpretation of accounting standards, and changes to be made where necessary.

13. The team will undergo a post closedown review and ensure the changes are amended within the 2022/23 accounts that have already been published in

draft format. This will then strengthen the quality of the accounts going forward and facilitate quicker audits.

Next Steps in Process

14. Following this meeting external audit will wrap-up the audit file with any further changes being reported to the chair of the Committee and the Councils Chief Finance Officer. The chair of the Committee and the Councils Chief Finance Officer will then formally sign and approve the statement of accounts and the auditor will formally issue their opinion, and the audited accounts will be published.

Portfolio Holder's Views

15. This is a late report with information not available until the 24 November 2023, so no comment has been sought at time of publication.

Contact and Email

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