

Audit and Governance Committee

30 November 2022

Report of the Chief Finance Officer

Annual Financial Report - Statement of Accounts 2021/22

Summary

1. This report presents an updated draft accounts for 2021/22, which follow draft pre-audit accounts previously presented on 29th June 2022. There are two national regulatory/ technical issues as set out at paragraphs 5 & 6 which mean that the Accounts presented are still in draft format, whilst we await the outcome of these matters.

Recommendations

2. Members are asked to
 - (a) Note the matters set out in the Audit Completion Report presented by the external auditor in the previous agenda item and summarised in this report.

Reason

To ensure the proper consideration of the opinion and conclusions of the external auditor in respect of the annual audit of accounts and review of the council's arrangements for ensuring value for money.

- (b) Delegate authority to the Chair in consultation with the Vice Chair to approve and sign the final Statement of Accounts by resolution of this Committee in accordance with the Accounts and Audit regulations 2015 - subject to the only amendments being Infrastructure Assets and PFI accounting for AWRP as set out at paragraphs 5 & 6.

Reason

To ensure compliance with the International Auditing Standards and other relevant legislative requirements.

Background

3. The International Standard on Auditing (ISA) 260 requires the Council's External Auditor to report to those charged with governance any issues arising from the audit of the financial statements. It is also a statutory requirement that the Council approves the final statement of accounts after the audit and by 31st July each year. This has been extended to 30th November.

Analysis

4. The accounts attached at Annex A have been revised since the unaudited version was reported to the Audit & Governance Committee meeting in June 2022. A small number of amendments have been made to the financial statements and supporting notes, mostly to try and improve the presentation of information contained within the accounts. All the changes made have been highlighted in the accounts attached at Annex A.
5. CIPFA have highlighted a national technical accounting issue regarding Infrastructure assets, which affects York as we are a highways authority. The issue relates to component accounting and concerns that some authorities are applying different accounting treatment. We are awaiting further guidance from CIPFA's Local Authority Accounting Code Board (CIPFA LASAAC) which is expected in late December. Once we have this information we will assess the impact on the Accounts and make any adjustments necessary in consultation with Mazars.
6. The PFI accounting for Allerton Waste Recovery Park is based on an externally produced accounting model. The model was first used in the production of the 2017/18 Statement of Accounts. The accounting model has recently been reviewed by the same external advisor, as is good practice, and some changes have been made. These are mainly around the treatment of guaranteed third party revenues. These changes will affect the technical accounting entries included in the Statement of Accounts. There is still some work outstanding by the external advisor and due to the complex nature of the accounting involved, this work must be completed before any account changes are finalised
7. It should be noted that neither of the issues set out above nor the amendments made so far have any impact on the outturn position of the council as all the changes are either technical accounting or presentational adjustments.

8. The annual production of the accounts is the subject of a continuous review and, as usual, areas for improvement will be identified as a result of any issues identified this year. Any subsequent items identified in the last few days of the audit work will be reported verbally at the meeting

Consultation

9. The content of the report of the external auditor has been discussed with the relevant responsible officers. It is reported here for due consultation with those members charged with governance at the council.

Options

10. Not applicable.

Corporate Priorities

11. The Annual Financial Report provides a technical financial summary of the activities of the council and assists in providing the Council with a viable financial position on which to base future budget projections, as well as contributing to the overall effectiveness of the Council's governance and assurance arrangements.

Implications

12. There are no financial, HR, equalities, legal, crime and disorder, IT or property implications arising from this report

Risk Management

13. Areas of risk identified throughout the annual accounts process are monitored and managed on an ongoing basis to ensure the statutory deadline is met.
14. The Council will fail to comply with legislative and best practice requirements to provide for a proper audit of the Council if it does not consider this report or approve and sign the Annual Financial Report.

Authors:

Emma Audrain
Technical Accountant
01904 551170

Chief Officer responsible for the report:

Debbie Mitchell
Chief Finance Officer

Report **x** **Date** 22/11/22
Approved

Wards Affected: All

For further information please contact the author of the report

Background Papers:

Audit & Governance Committee 29 July 2022 – Pre Audit Statement of Accounts 2021/22

Annex:

Annex A Updated Draft Statement of Accounts 2021/22