

Audit & Governance Committee
22 November 2023

Statement of Accounts 2021/22

Purpose of the report:

To present the audited Statement of Accounts for the Council Group and Pension Fund for the financial year ended 31 March 2022 and the external auditor's Final Audit Findings Report.

Recommendations:

It is recommended that the Committee:

1. Notes the unqualified opinion of both the Council's and Pension Fund accounts.
2. Notes the contents of the Audit Findings Report (Annex A).
3. Notes the 2021/22 Statement of Accounts, as attached in Annex B, as published on the council's website.
4. Notes the Executive Director of Resources' letter of representation, which is attached in Annex C.
5. Notes the Pension Fund letter of representation (Annex D).

Introduction:

1. The 2021/22 Statement of Accounts were brought before this Committee in January 2023. At the time, it was anticipated that the external audit would be concluded imminently and the accounts formally signed off. Grant Thornton reported that the audit was near completion and an unqualified opinion was anticipated.
2. In March 2023, this committee once again received and approved the 2021/22 Statement of Accounts along with an update on progress of the external audit of the 2021/22 Statement of Accounts.
3. A number of well documented issues have impacted the timeliness of the signing of these accounts:
 - a long standing national issue with accounting for Infrastructure Assets, as previously reported to this committee. The government issued a statutory override to temporarily deal with this issue, which was legally ratified on 25 December 2022.
 - There has been a combination of the (FRC) requirement for increasing substantive testing in audits, and workforce capacity issues at all audit firms and in local authority finance teams. It has been reported by the Public Sector Audit Appointments (PSAA) that as at the end of September 2023, 456 audit opinions remain outstanding from 2021/22 and before.

- Another national issue arose in March 2023 in relation to the potential impact of the triennial valuation of Local Authority Pension Funds on unaudited 2021/22 accounts. The publication of more up to date triennial valuations resulted in a need for the Council to have actuaries re-assess the balances held on the Council's balance sheet and restatement were made by the Council to reflect these changes. Additional testing was required to be undertaken by Grant Thornton on these revised valuations.
4. Throughout this period, work has been ongoing by both Grant Thornton and the Finance Team to progress activities to enable final sign off of the council's Statement of Accounts.

2021/22 Audit Findings

5. The auditor has issued an unqualified opinion, meaning that the accounts represent a true and fair assessment of the Council's finances as at 31 March 2021.
6. The Audit Findings Report (Annex A) sets out a summary of the work carried out during the audit of the accounts, the conclusions reached and recommendations. It includes the messages arising from the audit of the statement of accounts and the results of the external auditor's work undertaken to assess the council's arrangements to secure value for money in the use of resources.
7. At the beginning of the audit, the auditors produce an audit plan, which was reported to Audit & Governance Committee in June 2022. The audit plan identified areas of significant risk of material misstatement. The audit findings report summarises the work completed in relation to these risk areas.
8. During the audit process some adjustments have been made to the statement of accounts, including those referred to above. These are outlined in Appendix C of the Audit Findings Report, Grant Thornton is required to report all non-trivial adjustments to the accounts whether they are adjusted or not.

Conclusions:

9. Grant Thornton have issued an unqualified opinion on both the Council's Group Accounts and the Pension Fund Accounts.
10. The audited statement of accounts including the auditor's report for 2021/22 has been published on the Council's website.

Financial and value for money implications

11. The additional audit fees charged as a result of the increased audit work required are contained within the AFR. All financial implications in the accounts have been made in line with the Code of Practice and any impact on the Council's budget has or will be contained in the outturn report to Cabinet.

Equalities and Diversity Implications

12. There are no direct equalities implications of this report.

Risk Management Implications

13. There are no direct risk management implications of this report.

Next steps:

The final audited statement of accounts have been published on the council's website.

Grant Thornton will issue the audit certificate once they have completed the work necessary for them to issue their Whole of Government Accounts (WGA) Component Assurance Statement for the year ended 31 March 2022.

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Sources/background papers:

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22
CIPFA

Annexes:

Annex A - Audit Findings Report
Annex B - Statement of Accounts
Annexes C and D - Letters of Representation

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