

Subject	Approval of Statement of Accounts 2021/22	Status	For Publication
Report to	Audit Committee	Date	28 July 2022
Report of	Treasurer		
Equality Impact Assessment	Not Required	Attached	n/a
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1 Purpose of the Report

- 1.1 To approve the audited Statement of Accounts 2021/22.
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2 Recommendations

- 2.1 Members are recommended to:
- a. **Approve the Statement of Accounts 2021/22**
 - b. **Authorise the Chair of the Audit Committee to sign the Statement of Accounts on behalf of the Authority**
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3 Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objectives:

Effective and Transparent Governance

to uphold effective governance showing prudence and propriety at all times.

- 3.2 The approval and publication of the Statement of Accounts enables the Authority to demonstrate the proper administration of its financial affairs and the effective use of its resources.
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4 Implications for the Corporate Risk Register

- 4.1 The actions outlined in this report address the risk identified in the Corporate Risk Register that the Authority fails to meet specific regulatory requirements.

5 Background and Options

- 5.1 Regulation 9 (2) of the Accounts and Audit Regulations 2015 requires the Statement of Accounts to be approved by a resolution of a Committee of the Authority.
- 5.2 The Authority has designated the Audit Committee as the committee to approve the Statement of Accounts.

Statutory Deadlines for Publication of Accounts

- 5.3 The Accounts and Audit (Amendment) Regulations 2022 come into force on 22 July 2022 and require publication of the unaudited statement of accounts no later than 31 July 2022, and the audited statement of accounts no later than 30 November for the financial year 2021/22. For the financial years 2022/23 to 2027/28 the date for publication of the unaudited statement of accounts will be no later than 31 May, and the audited statement of accounts publication date moves to no later than 30 September.
- 5.4 Although the statutory deadlines were extended thus, officers had planned a timetable for the production of the Authority's 2021/22 accounts in accordance with the earlier dates of 31 May for publication of the draft accounts, and 31 July for publication of the audited accounts. It is considered very important that we prepare our accounts as early as possible given that the four district Councils and other large employers in the scheme are reliant on the completion of the audit on the Fund accounts and receipt of assurances from our auditor before their own audits can be completed.
- 5.5 This was discussed with our external auditor, Deloitte, who agreed to commit to working with us to achieve these deadlines. In order to achieve this, it was agreed that the audit of the Fund accounts would commence early – on 26 May 2022. The agreed aim is to ensure that the final audit procedures will be completed in time to enable the audited accounts and audit opinion to be signed off within 2 weeks from the date of this Audit Committee meeting – which is the timescale achieved last year.

Statement of Accounts

- 5.6 The accounts have been prepared following the "Code of Practice on Local Authority Accounting in the United Kingdom 2021/22" issued by the Chartered Institute of Public Finance and Accountancy (the Code).
- 5.7 The Code constitutes the "proper accounting practices" required by Section 21(2) of the Local Government Act 2003 and deviations from it will usually lead to a qualified audit opinion. The Authority is required to prepare a Statement of Accounts in compliance with the Accounts and Audit Regulations made under Section 32 of the Local Audit and Accountability Act 2014 and therefore has a statutory duty to comply with the Code requirements.
- 5.8 In accordance with Section 26 of the Local Audit and Accountability Act 2014 the accounts were open to public inspection and for objections or questions from local electors for 30 days and no objections or questions from local electors were received.
- 5.9 The accounts are subject to audit by Deloitte LLP who is the auditor appointed by Public Sector Audit Appointments Limited. Deloitte LLP has conducted its audit and prepared their audit status report in accordance with *International Standards on Auditing (United Kingdom and Ireland) 260 - Communication to those charged with governance*, which is elsewhere on the agenda.
- 5.10 The draft Statement of Accounts 2021/22 was authorised for issue on Thursday 23 June 2022. This was ahead of the statutory deadline, as outlined above in paragraphs 5.3 to 5.4.
- 5.11 The Statement of Accounts comprises the accounts of the Authority itself as an organisation, in addition to the accounts of the Pension Fund for the year (the Fund accounts).
- 5.12 At the time of writing, the audit work is very well progressed and on schedule to be finalised in line with the planned timescales set out in paragraph 5.5 above. The auditor will provide an update on the status of their audit to the Committee.
- 5.13 During the course of the audit, a small number of amendments to the accounts were agreed as set out below. The amended, audited Statement of Accounts is attached as Appendix A to this report.

Amendments to the Accounts

5.14 Authority Accounts – Property, Plant and Equipment

5.15 Note 10 to the Authority Accounts provides a disclosure to show the breakdown of the property, plant and equipment assets of the Authority. Within the note a minor narrative detail error was found for the Oakwell House practical completion date. The completion date was stated as 15 December 2021, this date has been corrected to 06 December 2021.

5.16 Authority Accounts – IAS 19 Accounting for the Defined Benefit Pension Liability

5.17 Note 24 to the Authority Accounts provides details of the defined pension liability for the Authority. The note is based on the IAS 19 schedules provided by the actuary. For the unfunded residual liabilities element, the original schedule had to be revised due to an error with the actuary's figures. The contributions received and benefits paid were represented as £350k, instead of the correct value of £337k. The accounts were prepared based on the actual figure of £337k, however the revised actuary schedule contained an additional change to the remeasurement figure for 'Other Experience' of £13k which was not reflected in the original draft accounts. The audited accounts have been updated per the revised schedule resulting in the total net pensions liability reducing by £13k from £10,520k to £10,507k.

5.18 The effect of this in the Comprehensive Income & Expenditure Statement was a small increase of (£13k) to the Remeasurements of the Net Defined Benefit Liability shown in Total Comprehensive Income and Expenditure. There is no effect on the Surplus or Deficit on Provision of Services and no impact on the total Authority expenditure charged to the Pension Fund.

5.19 Authority Accounts – Events After the Reporting Period

5.20 Note 5 to the Authority Accounts provides details of events after the reporting period. A non-adjusting event note has been added here. This is for an event that provides information that is relevant to an understanding of the Authority's financial position but that does not relate to conditions existing at 31 March 2022. The non-adjusting event relates to a decision made on 4 July 2022 to grant permission for a judicial review relating to the McCloud remedy costs to be heard. This was following a claim from several unions for a judicial review against the Government inclusion of the McCloud remedy costs to be included in the cost control mechanism for public sector pension schemes. At this stage, there is no date for the judicial review to be heard and even if the review is successful, it is unclear what remedy the court may order. At this stage any attempt to predict outcomes would be highly speculative. Note 5 has been updated to reflect this information.

6 Implications

6.1 The proposals outlined in this report have the following implications:

Financial	The Statement of Accounts sets out the financial position of the Authority at 31 March 2022 and its income and expenditure for the year then ended.
Human Resources	None
ICT	None
Legal	Approval of the 2021/22 Statement of Accounts will ensure compliance with the Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendment) Regulations 2022.
Procurement	None

Neil Copley

Treasurer

Background Papers	
Document	Place of Inspection
None	-