

Agenda Item

Subject	Approval of Statement of Accounts 2023/24	Status	For Publication
Report to	Audit & Governance Committee	Date	19 September 2024
Report of	Chief Finance Officer		
Equality Impact Assessment	Not Required	Attached	n/a
Contact Officer	Will Goddard Head of Finance and Performance	Phone	01226 666421
E Mail	wgoddard@sypa.org.uk		

1 Purpose of the Report

- 1.1 To approve the audited Statement of Accounts 2023/24.
-

2 Recommendations

- 2.1 Members are recommended to:
- a. **Approve the Statement of Accounts 2023/24 attached at Appendix A; and**
 - b. **Authorise the Chair of the Audit & Governance Committee to sign the final, audited Statement of Accounts on behalf of the Authority, including in the event of any material substantive changes required following the audit completion.**
-

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.
-

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.

6 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 & Governance Committee as the committee to approve the Statement of Accounts.

Statutory Deadlines for Publication of Accounts

- 5.3 The deadline for publication of the draft, unaudited statement of accounts for 2023/24 was 31 May and the Authority met this deadline.
- 5.4 The Accounts and Audit Regulations 2015 as amended set deadlines for publication of audited Statement of Accounts of 30 September for financial years commencing 2022 to 2027 inclusive.
- 5.5 As members are aware, there are issues with local audit backlogs in England that the Government and relevant bodies have been working together to find solutions for. Following a consultation, MHCLG have announced that they will be seeking to implement a backstop date of 13 December 2024 for publication of audited financial statements that are outstanding for all financial years up to and including 2022/23, and a series of backstop dates for years 2023/24 to 2027/28.
- 5.6 The Authority is not directly affected by this because our Statement of Accounts have continued to be audited and published in line with the original deadlines each year and we will continue to work on this basis.
- 5.7 The timetable for the production of the Authority's 2023/24 accounts and for the audit was planned to ensure that we would be able to publish the audited statement of accounts in accordance with the deadline of 30 September. 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.
- 5.8 This was discussed with our external auditor, KPMG, who agreed to commit to working with us to achieve this.
- 5.9 This is the first year when KPMG have been the external auditor and therefore this has required more work and time for them to build their audit knowledge and plan their work accordingly. The auditor's report is elsewhere on the Committee's agenda and the auditor will update the Committee on the status of their audit progress. As at the time of writing, the majority of the substantive audit work has been completed and officers are working in close liaison with the auditor, continuing to work towards ensuring that they will be in a position to sign the audited statement of accounts by the deadline of 30 September.
- 5.10 The Committee is therefore requested to approve the audited Statement of Accounts as presented at Appendix A. As the audit work is not yet fully complete, the Committee are also requested to authorise the Chair to agree (in consultation with the Chief Finance Officer) any further substantive changes arising from the audit and sign the fully audited Statement of Accounts on behalf of the Authority.

Statement of Accounts

- 5.11 The accounts have been prepared following the "Code of Practice on Local Authority Accounting in the United Kingdom 2023/24" issued by the Chartered Institute of Public Finance and Accountancy (the Code).
- 5.12 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.

- 5.13 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.
- 5.14 The accounts are subject to audit by KPMG LLP who is the auditor appointed by Public Sector Audit Appointments Limited. KPMG 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.
- 5.15 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).
- 5.16 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

Authority Accounts – Prior Year Restatement

- 5.17 Note 2c to the Authority Accounts provides details of a prior year restatement to the accounts, in relation to a change in the value of the defined benefit pension asset ceiling at 31 March 2023. This change was a result of a change to the methodology agreed among actuaries, audit firms and practitioners for the calculation of asset ceilings – that was only agreed in March 2024. The note in the draft statement of accounts specified this was a change in accounting policy. Following review by the auditor, it was agreed to change this narrative to state a prior period error instead.

Authority and Fund Accounts – Irrecoverable VAT

- 5.18 The Authority is responsible for the submission of VAT information to HMRC for both the Authority and Fund. A significant amount of VAT was incurred through the sale of the Fund's agricultural property portfolio. The costs incurred through the sale, including the costs of VAT, are due to be recovered from the new trust. For this reason, the VAT was treated as being fully recoverable in the Authority's draft statement of accounts.
- 5.19 Following discussions with the KPMG auditor's specialist tax team we engaged our tax consultants who had worked on the transaction to review our treatment of this transaction in our VAT return to HMRC. Their analysis led to a change in how we recover the irrecoverable VAT on the transaction; the work also confirmed that all submissions to HMRC have been made in accordance with our partial exemption special method.
- 5.20 As a result of the change in how the VAT costs are to be recovered, the amount of irrecoverable VAT recognised in the Authority's statement of accounts (on the Investment Strategy line of the Comprehensive Income and Expenditure Statement - CIES) increased by £400k. As an administering authority cost, this is charged to the Pension Fund – resulting in a corresponding increase to the Other Operating Income line of the CIES. Therefore, there was no change to the net deficit on provision of services.
- 5.21 Additionally, the amendment resulted in an increase of the same amount to Short Term Creditors (HMRC) on the Authority's Balance Sheet, and to the Short Term Debtors (from the Fund). The relevant supporting disclosure notes for the Balance Sheet and CIES have also been updated accordingly.

- 5.22 Finally, the Fund statement of accounts were updated to reflect the additional £400k owed from the Fund to the Authority as a result of the change. Current Liabilities on the Net Assets Statement and Management Expenses shown in the Fund Account statement both increased by £400k. The relevant supporting disclosure notes were also updated accordingly.

Fund Accounts – Investments

- 5.23 Note 14a to the Fund accounts provides details of the Fund’s investments. When populating the accounts template, a transposition error occurred between the figures input for Other Managed Funds (£686,014k) and for Indirect Property (£0) under the heading of Pooled Investment Vehicles. These two figures have been switched around to correct this error. Other Managed Funds is now correctly shown as Nil and Indirect Property is now shown as £587,264k – incorporating a further change as explained below.

Fund Accounts – Investment Asset Classification

- 5.24 The Fund entered into an investment with Royal London for £98,750k for the purchase of units in their UK Real Estate Fund, with the cash settlement taking place on 26 March 2024. Due to the nature of the investment the cash was held by Royal London’s custodian for a week before the purchase of the investment units took place on 02 April 2024.
- 5.25 The draft statement of accounts had recognised the asset as a pooled investment vehicle – indirect property at 31 March 2024. Classified as Level 3 in the fair value hierarchy note shown in Note 15b. Following review by the auditor, it was identified that as the purchase of the investment units did not actually take place until 2 April, this asset should have been classified as Cash at 31 March 2024 (Level 1 in the fair value hierarchy).
- 5.26 This has been amended – resulting in a reduction of £98,750k to the Pooled Investment Vehicles total and an increase of £98,750k to the Cash total shown on the Net Assets Statement.
- 5.27 Amendments have also been made accordingly to the relevant supporting disclosure notes, including *Note 14a Investments*.

Minor Presentational Amendments

- 5.28 Throughout the Authority and Fund statements of accounts, a number of minor typographical and wording amendments have also been made.

7 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 and the Pension Fund at 31 March 2024 and its income and expenditure for the year then ended.
Human Resources	None
ICT	None
Legal	Approval of the 2023/24 Statement of Accounts will ensure compliance with the Accounts and Audit Regulations 2015 (as amended).
Procurement	None

Gillian Taberner

Chief Finance Officer

Background Papers	
Document	Place of Inspection
None	-