



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE – 27 APRIL 2023
Subject	2021/22 STATEMENT OF ACCOUNTS AND AUDIT OPINION – UPDATE #2
Wards affected	All
Accountable member	Cllr Mike Evemy, Deputy Leader and Cabinet Member for Finance Email: <a href="mailto:mike.evemy@cotswold.gov.uk">mike.evemy@cotswold.gov.uk</a>
Accountable officer	David Stanley, Deputy Chief Executive and Section 151 Officer Email: <a href="mailto:david.stanley@cotswold.gov.uk">david.stanley@cotswold.gov.uk</a>
Summary/Purpose	<p>To update the committee on the findings of the external audit of the 2021/22 financial year as the audit is concluded. The Committee is advised that the deadline for issuing a final set of audited Statements of Accounts and Audit Opinion of 30 November 2022 was not met.</p> <p>The accounts are not yet ready to sign but this report allows the committee the opportunity to review the findings of the audit work.</p>
Annexes	Annex A – Audit Findings Report Annex B – 2021/22 Statement of Accounts (Revised)
Recommendation(s)	<ul style="list-style-type: none"> <li><i>i) Notes the Statement of Accounts Update Report, the Draft Audit Findings Report (Annex A) and the revised 2021/22 Statement of Accounts (Annex B)</i></li> <li><i>ii) Notes the indicative timetable for finalising the audit of the 2021/22 Financial Statements, receiving the Value for Money opinion, and receiving the final Auditor’s Annual Report.</i></li> <li><i>iii) Delegates authority to the Deputy Chief Executive and Section 151 Officer and Chair of the Audit Committee and/or Leader of the Council to receive the Auditor’s Annual Report and approve the final 2021/22 accounts.</i></li> <li><i>iv) Notes the deadline for the draft accounts, public inspection period, and publication of accounts as set out in paragraph 4.2 of the report.</i></li> </ul>
Corporate priorities	<ul style="list-style-type: none"> <li>• Delivering our services to the highest standards</li> </ul>



Key Decision	NO
Exempt	NO
Consultees/ Consultation	N/A

## 1 BACKGROUND

- 1.1 This report updates members on the status of the 2021/22 Statement of Accounts and Audit Opinion.

## 2 INTRODUCTION

- 2.1 Owing to the impact of Covid-19 deadlines and the wider public audit issues; completion and publication of the Local Authority Statement of Accounts since 2019/20 have been amended with more time being given to complete draft accounts and receive the audit opinion.
- 2.2 However, local audit performance has continued to be concerning, as shown in the tables below

Year of Accounts	Publishing Date	Opinions given at publishing date	Opinions still outstanding at 31 December 2022
2021/22	30 November 2022	12%	398
2020/21	30 September 2021	9%	161
2019/20	30 November 2020	45%	44
2018/19	31 July 2019	57%	10

Firm	Total Audits	Outstanding 30 November 2022		Outstanding 31 December 2022	
BDO	25	25	100%	25	100%
DL	26	25	96%	25	96%
EY	149	141	95%	140	94%
GT	180	144	80%	134	75%
Mazars	87	76	87%	74	85%
<b>TOTAL</b>	<b>467</b>	<b>411</b>	<b>88%</b>	<b>398</b>	<b>85%</b>

Source: Audit Opinion Data 2021/22 (PSAA Quarter 3 Quality Monitoring report)



## **CURRENT STATUS OF THE AUDIT**

- 2.3 The Council has received the Draft Audit Results Report which is attached in Annex A. This sets out the key findings and other matters arising from the statutory audit of Cotswold District Council and the preparation of the Council's financial statements for the year ended 31 March 2022.

Page 3 of the draft report includes a summary of the key findings of the audit to date:

- Grant Thornton's work to date has not identified any material errors or adjustment to the financial statements
  - A small number of audit adjustments are recommended to improve the presentation of the financial statements
  - There are 3 recommendations included in Appendix A of the draft report (1 High, 2 Low) with the most significant issue being the capacity of the finance team. Grant Thornton recommend that the Council strengthens its finance capacity to enable it to commit sufficient time to all aspects of internal and external financial reporting.
  - The Value for Money conclusion is not provided in the draft report. This is expected to be finalised and issued in the Auditor's Annual Report by the end of May 2023.
- 2.4 As indicated in the draft audit findings report, the final report is due to be issued by the end of May 2023. It is proposed that delegation is given to the Deputy Chief Executive & Section 151 Officer and the Chair of the Committee and/or Leader of the Council to receive the final report and sign the accounts prior to the next planned meeting of the committee in July 2023.
- 2.5 Annex B presents the revised Statement of Accounts for 2021/22 and presentational changes and audit adjustments included in the draft audit findings report. For ease of reference, these changes are highlighted in yellow.

## **3 2022/23 STATEMENT OF ACCOUNTS AND AUDIT TIMINGS**

- 3.1 Deadlines for the completion and publication 2021/22 and subsequent accounts were amended as part of the Government's response to the recommendations contained in the independent Redmond Review into the effectiveness of external audit and transparency of financial reporting in local authorities. The Redmond review reported on 08 September 2020 with the Government responding in December 2021.
- 3.2 The regulations amended the draft and final accounts publication deadlines for relevant bodies as set out in the table below. The regulations come into force on 22 July 2022.



Action	Deadline as set out in Accounts and Audit Regulations 2015	For Financial Year 2021/22	For Financial Years 2022/23 to 2027/28
Draft Accounts completion	31 May	31 July	31 May
Public Inspection period	First 10 working days of June of the financial year immediately following the end of the financial year to which the statement relates	First 10 working days of August of the financial year immediately following the end of the financial year to which the statement relates	First 10 working days of June of the financial year immediately following the end of the financial year to which the statement relates
Publication of Accounts	31 July	30 November	30 September

- 3.3 The Government have now confirmed by email that the deadline for the completion of the draft accounts, public inspection period and publication deadline would remain as per the table above.

*In February the Government asked for your views on the deadline for category 1 authorities to make draft accounts available for public inspection (31st May), following the Accounts and Audit (Amendment) Regulations 2021, which extended the deadline for the 20/21 and 21/22 accounts to 31st July.*

*We have taken a wide range of feedback into consideration. The Government believes it is important that all local authorities endeavour to return to a normal financial reporting timetable as soon as possible.*

*Consequently, the Government has decided not to extend the deadline and expects local authorities to continue to meet the existing 31st May deadline in line with their statutory requirements. The deadline will be kept under review going forward.*

- 3.4 The deadline of 31 May for local authorities to produce draft accounts will clearly be challenging given the impact from backlog of prior year audits. Consideration will be given to the Closure of Accounts timetable including the timing of when key financial information will be available to support the production of the core financial statement (e.g. Provision of actuarial valuations of the Council's share of Gloucestershire County Council Pension Fund, RICS-compliant valuations of the Council land and property assets).



- 3.5 The Council is required under regulation to obtain an independent external audit opinion on the true and fair nature of the statement of accounts. Following provision of the external audit opinion the relevant Council Committee (being Audit Committee) is required to approve the accounts and publish both the approved set of account and the audit opinion by the statutory deadline.
- 3.6 Where this has not been possible and authorities are required to place a notice on their webpage to this effect.
- 3.7 The audit of the 2022/23 financial statements will commence once the 2021/22 Audit has completed and there may be other resourcing issues for Grant Thornton to consider. At this early planning stage it is anticipated that the 2022/23 audit work will be completed by the statutory deadline. Further discussions will need to take place over the coming weeks with Grant Thornton to schedule the 2022/23 audit work.

#### **4 CONCLUSIONS**

- 4.1 The Council will continue to engage with Grant Thornton to ensure the Auditor's Annual Report and Audit Opinion can be provided within the timescales provided by Grant Thornton as set out in this report.
- 4.2 It is worth reassuring members that the additional time taken is not due to errors, omissions or matters concerning the quality of the final accounts.

#### **5 FINANCIAL IMPLICATIONS**

- 5.1 There are no financial implications arising from this report.

#### **6 LEGAL IMPLICATIONS**

- 6.1 There are no legal implications arising from this report

#### **7 CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

- 7.1 None

#### **8 ALTERNATIVE OPTIONS**

- 8.1 None

(END)



COTSWOLD  
DISTRICT COUNCIL