

North Tyneside Council

Report to Audit Committee

Date: 31 May 2023

ITEM

Title: Annual Statement of
Accounts 2022/23

Report from: Finance

Report Author: Jon Ritchie, Director of Resources

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Wards affected: All

PART 1

1.1 Executive Summary:

- 1.1.1 The purpose of this report is to provide the Audit Committee with an update in respect of the closure of the 2022/23 accounts.

1.2 Recommendation(s):

- 1.2.1 It is recommended that the:

(a) Audit Committee note the work outlined in respect of the closure of the 2022/23 accounts.

1.3 Forward plan:

- 1.3.1 This report is contained in the forward plan of the Audit Committee.

1.4 Council plan, policy framework:

- 1.4.1 The Annual Statement of Accounts covers all the service responsibilities as identified within the Council Plan.

1.5 Information:

- 1.5.1 The Chief Finance Officer is required, no later than 30 September 2023, to sign and certify that the Annual Statement of Accounts presents a true and fair view of the Authority's financial position for the year ended 31 March 2023. For 2022/23 a set of draft accounts has to be produced by the end of May which is then subject to external audit. The audited set of accounts is required, no later than 30 September 2023, to be approved and subsequently published.

Update on the preparation of the Annual Statement of Accounts 2022/23

- 1.5.2 The Committee will recall that in the 22 March 2023 report on the preparation of the accounts for 2022/23, the Authority was working towards a deadline of the 31 May for a draft set of accounts to be available. However, at the time of writing this report, the Accounts are not ready to be published due to external factors, set out in the paragraph below. However, work is continuing to achieve the statutory deadline of 31 May and a verbal update on progress will be given at the meeting. The draft Annual Statement of Accounts will be brought to the next Audit Committee in July.
- 1.5.3 The Committee will be aware from other reports on the agenda that the 2021/22 accounts are being updated to reflect the revised pension valuation from the actuary. In summary, this is necessary due to the delay in the audit opinion being issued arising from the national issue regarding the treatment of infrastructure assets. The actuarial information is expected to be received on Friday 19 May. In turn, the requirement to seek a revised actuarial report has meant that the 2022/23 pension report will also be delayed and will now not be available until Friday 26 May.

The valuation results for 2022/23 will have to be reflected in the accounts, including changes to a number of statements and notes, which will be updated in the week commencing Monday 29 May. A full review of the accounts will then be undertaken to ensure that the pension information is correctly presented in the draft accounts, with publication of the draft statements by 31 May if possible. The Committee may be interested to note that the majority of neighbouring authorities are in the same position.

- 1.5.4 The Committee will be aware that the statutory deadline for the audit and publication of the 2022/23 accounts is 30 September 2023. The Authority's external auditors have advised that the audit is not expected to conclude until November/ December 2023. Due to this, the Authority will not be able to meet the statutory deadline.

The Department for Levelling Up, Housing & Communities (DLUHC) wrote to all Chief Executives, Chief Finance Officers and Local Audit Firm Partners on 14 March 2023 concerning delays in the completion of local authority audits, a copy of the letter is attached as Appendix A. The Department is continuing to work with all stakeholders across the sector to ensure a system wide approach to reducing the continued delays to local audits.

The Authority will have its accounts available by 31 May or very shortly after and the delay in publication by the September deadline will be a result of audit delays due to the backlog of audits. The Authority will continue to work with external audit to minimise the impact, but due to external factors beyond the Authority's control, the Committee should note the current position.

1.6 Decision options:

- 1.6.1 The Audit Committee can agree to endorse the recommendations as set out in Section 1.2 of this report. Alternatively, the Audit Committee can decline to endorse the proposals and require further details and amendment.

1.7 Reasons for recommended option:

- 1.7.1 The Audit Committee is recommended to endorse the proposals set out in section 1.2 of this report as the production of the Audited Annual Statement of Accounts is a requirement of the Accounts and Audit Regulations 2015 as amended by the Accounts and Audit (Amendment) Regulations 2021.

1.8 Appendices:

Appendix A: DLUHC – Letter to Chief Executives, Chief Finance Officers and Local Audit Firm Partners – Local Audit Delays

1.9 Contact officers:

Jon Ritchie, Director of Resources, Tel 643 5701
Claire Emmerson, Head of Finance (Deputy S151 Officer), Tel 643 8109
David Mason, Senior Manager Capital Strategy and Planning, Tel 643 3293
Peter Weir – Principal Accountant – Tel 643 8066

1.10 Background information:

- 1.10.1 The following background papers and reports have been used in the compilation of this report and are available for inspection at the offices of the author:

- (a) Accounts and Audit Regulations 2015 as amended by the Accounts and Audit (Amendment) Regulations 2021.

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

- 2.1.1 There are no financial implications as a result of the recommendations within this report.

2.2 Legal

- 2.2.1 The Authority has a duty to ensure that it produces a draft Annual Statement of Accounts by 31 May 2023 in accordance with the Accounts and Audit (Amendment) Regulations 2021.

2.3 Consultation/community engagement

- 2.3.1 Consultation will take place with the key personnel and interested parties involved in the closedown process.

2.4 Human rights

- 2.4.1 There are no Human Rights implications as a result of the recommendations in this report.

2.5 Equalities and diversity

- 2.5.1 There are no Equalities and Diversity implications as a result of the recommendations in this report.

2.6 Risk management

- 2.6.1 A risk log has been set up which identifies the key risks and issues associated with the closedown process. The management of these risks are part of the overall process.

2.7 Crime and disorder

- 2.7.1 There are no crime and disorder implications as a result of the recommendations in this report.

2.8 Environment and sustainability

- 2.8.1 There are no environment and sustainability implications as a result of the recommendations in this report.