

North Tyneside Council

Report to Audit Committee

Date: 27 September 2023

ITEM

Title: Annual Statement
of Accounts 2021/22 and
2022/23

Report from: Finance

Responsible Officer: Jon Ritchie, Director of Resources **Tel: 643 5701**

Wards affected: All

PART 1

1.1 Executive summary:

- 1.1.1 The purpose of this report is to advise the Audit Committee on further progress in relation to the approval of the 2021/22 Audited Annual Statement of Accounts in accordance with Section 9 (2) of the Accounts and Audit Regulations 2015 and to provide an update on the 2022/23 audit process.
- 1.1.2 The draft Audit Results Report from the Authority's external auditor Ernst and Young (EY) was originally shared with the Committee at its meeting held on 22 March 2023 and delegation was given to the Director of Resources (Chief Finance Officer) in consultation with the Chair of the Audit Committee to approve the Audited Financial Statements.
- 1.1.3 At the meeting on 26 July 2023, the Committee was advised that the majority of the audit work had been completed and resolved, however there was additional audit testing required on the Pension Assurance Statement from the Tyne and Wear Pension Fund.
- 1.1.4 EY have now concluded their work and have issued an updated Audit Results Report which details the outcome of the external audit of the Authority's 2021/22 Financial Statements.
- 1.1.5 EY have commenced their work on the audit of the 2022/23 Financial Statements, however there are sector-wide delays which are impacting on delivery timescales. The Authority is awaiting an updated delivery plan from EY to ensure resources can be aligned to support the proposed testing programme.

1.2 Recommendation(s):

The Audit Committee is recommended to:

- (a) Note the update provided in this report for both the 2021/22 and 2022/23 Statement of Accounts and external audit; and
- (b) Approve the Audit Results Report, submitted by the Authority's external auditors Ernst and Young.

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

2021/22 Financial Statements

- 1.5.1 At its meeting on 26 July 2023 the Audit Committee received an update to the progress on publication and sign-off of the 2021/22 Audited Annual Statement of Accounts. As required by section 9 (2) of the Accounts and Audit Regulations 2015 and the Chartered Institute of Public Finance and Accountancy (CIPFA) Code that the Authority approves its Audited Annual Statement of Accounts 2021/22 for the financial year.
- 1.5.2 The Authority's external auditors have now concluded their remaining work on the 2021/22 Financial Statements, resulting in an unqualified opinion and an updated Audit Results Report which means the Financial Statements can now be approved for publication.
- 1.5.3 At the time of writing this report EY have not raised any additional findings to those previously presented to the Committee within the earlier Draft Audit Results Report.

2022/23 Financial Statements

- 1.5.4 The Authority has provided the 2022/23 Financial Statements and supporting working papers to EY to enable them to commence their audit work. However, as reported previously to Committee there are sector-wide delays which are impacting on delivery timescales.
- 1.5.5 EY are awaiting the outcome of discussions between the Department for Levelling Up Housing and Communities (DLUHC), the Financial Reporting Council and the Chartered Institute of Public Finance and Accountancy (CIPFA) regarding the audit process and significant backlogs within the

sector to understand how this will impact on the 2022/23 audit process and to refine their approach and scope in line with national guidance.

- 1.5.6 It is anticipated that EY will be in a position to commence the detailed testing at the end of September and will issue an updated audit plan to the Authority to outline the expected delivery milestones. The Committee had previously been advised at the meeting on 26 July 2023 that EY's aim was to conclude their work to allow signed off Financial Statements to be published by the end of November 2023, however the significant delays mean that this position represents a significant challenge.

1.6 Decision options:

The options available are:

- (a) To accept the recommendations made in section 1.2.; or
- (b) To reject the recommendations made within this report.

1.7 Reasons for recommended option:

The production of an Audited Annual Statement of Accounts is a requirement of the Accounts and Audit Regulations 2015.

1.8 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

1.9 Background information:

The following background papers and research 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 can be inspected at the Authority's offices.
- (b) Revenue budget 2021/22
<https://my.northtyneside.gov.uk/category/455/council-finances>
- (c) Investment Plan 2021-26
<https://democracy.northtyneside.gov.uk/ieListDocuments.aspx?CId=136&MId=597&Ver=4> (Agenda reports pack - Appendix D)
- (d) Reserves and Balances Policy
<https://democracy.northtyneside.gov.uk/ieListDocuments.aspx?CId=136&MId=597&Ver=4> (Agenda reports pack - Appendix G)
- (e) CIPFA Code of Practice 2021/22
Can be inspected at the Authority's offices.

- (f) Outturn Report 2021/22
<https://democracy.northtyneside.gov.uk/ieListDocuments.aspx?CId=174&Mid=815&Ver=4>

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

As this is a financial report, implications are covered in the body of the report itself.

2.2 Legal

The Authority is required under the Accounts and Audit Regulations 2015 and the Chartered Institute of Public Finance and Accountancy's Code to prepare and approve its audited accounts for the financial year 2021/22 by 30 November 2022. The statutory deadline for the publication of audited accounts for the financial year 2022/23 is 30 September 2023.

2.3 Consultation/community engagement

In line with statutory requirements the draft Annual Statement of Accounts for the year ended 31 March 2022 was published by 4 July 2022 and was available on the Authority's website. Members of the public were able to inspect the accounts under the statutory public inspection period from 11 July to 19 August 2022.

The draft Annual Statement of Accounts for the year ended 31 March 2023 was published on 15 June 2023, with the associated statutory public inspection period taking place from 19 June to 31 July 2023.

2.4 Human rights

The proposals within this report do not have direct implications in respect of the Human Rights Act 1998.

2.5 Equalities and diversity

There are no direct equalities and diversity implications arising from this report.

2.6 Risk management

Potential future financial pressures against the Authority are covered in this report and registered through the Authority's risk management process.

2.7 Crime and disorder

There are no direct crime and disorder implications arising from this report.

2.8 Environment and sustainability

There are no direct environmental and sustainability implications arising from this report.