

By: Peter Oakford - Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services  
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To: Governance and Audit Committee – 6 July 2023

Subject: Revised Accounting policies and provisional audit timetable

Classification: Unrestricted

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Summary: This report asks Members to note that there are no changes to accounting policies and to note the provisional external audit timetable.

## FOR INFORMATION

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### Accounting policies

1. The CIPFA Code of Practice requires authorities to follow International Accounting Standard 8 (IAS 8) - *Accounting Policies, Changes in Accounting Estimates and Errors*. Accounting policies are defined as "... the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements."
2. For 2022-23 there are no changes to the accounting policies to report.

### Draft accounts and provisional external audit timetable

3. The Accounts and Audit Regulations 2015 requires that draft accounts be available for public inspection for a single period of 30 working days and includes the first 10 working days of June.

The 18<sup>th</sup> May Committee was informed that the 2022-23 Statement of Accounts would not be published until the 1<sup>st</sup> July and available for public inspection period for a single period of 30 days and includes the first 10 working days of July.

We are required to publish a notice stating that the inspection period has not commenced, the reason why and to inform when it will be reasonably be practicable to do so. This was published on the 22<sup>nd</sup> May 2023.

- 3.2 Paragraphs 3.3 to 3.6 set out the background behind the delays in completion of the audit and sign off of the accounts, which are the contributing factors in delaying the publication of the draft 2022-23 Statement of Accounts.
- 3.3 The audit of the 2021-22 accounts was completed on the 31<sup>st</sup> March 2023 and this impacted on the commencement of the 2022-23 accounts.

- 3.4 Prior to the COVID-19 pandemic our draft accounts have been published as required on 31<sup>st</sup> May and have met the inspection period.

For financial years 2019/20, 2020/21 and 2021/22, the Accounts and Audit Regulations were amended to give extra time for local authorities and auditors. We were required to publish draft accounts by no later than the 1<sup>st</sup> August. Our draft accounts were published as follows:

- The 2019/20 accounts on 30 June 2020. With the inspection period commencing on the 1<sup>st</sup> July 2020,
- The 2020/21 accounts on 30 June 2021. With the inspection period commencing on the 1<sup>st</sup> July 2021, and
- The 2021/22 accounts on 1 August 2022. With the inspection period commencing on the 1<sup>st</sup> August 2022.

- 3.5 The audit and sign off of the accounts up until 2019/20 has been completed by 31<sup>st</sup> July.

Over the last three years we have seen an extended audit timetable and delays in the signing off of the accounts. Detailed below are the sign off dates for years 2019/20 and 2020/21:

- The 2019/20 accounts were signed off on 27th November 2020. This met the deadline as set out in the Accounts and Audit Regulations, amended for the pandemic.
- The 2020/21 accounts were signed off on 13th December 2021. This was after the deadline of 30th November 2021.

- 3.6 The Accounts and Audit Regulations for the 2021/22 accounts were amended and required the publication for final, audited accounts to be the 30<sup>th</sup> September 2022. The expectation, as advised by our auditors, was that the 2021/22 audit of the accounts would have completed by the end of November/beginning of December 2022. The accounts were eventually signed off on the 31<sup>st</sup> March 2023. The following issues led to the delay in sign off:

1. Infrastructure Assets

Waiting for the statutory instrument to be approved to confirm the disclosure requirements. Confirmation was made in January 2023.

2. Completion of the following items:

- Property, Plant and Equipment valuations, group audit procedures and PFI,
- Completion and approval from the external auditor's technical team (Hot Review),
- Auditor expert response on reasonableness of our valuation expert's approach to setting the remaining useful life assumptions for depreciation accounting estimates, and

- Additional sample testing in all areas.

All of the above meant that the audit continued through to the end March 2023, with the accounts being signed on the 31<sup>st</sup> March 2023.

This is a national issue that is being considered by Government, however the scale of the audit backlog is such that it is likely to be an issue for some time.

3.7 The provisional timetable for the 2022-23 Statement of Accounts and the audit thereof is as follows:

- a) Draft Statement of Accounts produced by 30 June 2023
- b) Audit anticipated to commence July 2023

#### 4. **Recommendation**

4.1 Members are asked to note that there are no changes recommended to the accounting policies and to note the provisional audit timetable.

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