

DECISION-MAKER:	AUDIT COMMITTEE		
SUBJECT:	STATEMENT OF ACCOUNTS 2022/23		
DATE OF DECISION:	30 SEPTEMBER 2024		
REPORT OF:	EXECUTIVE DIRECTOR ENABLING SERVICES & S151 OFFICER		
<u>CONTACT DETAILS</u>			
Executive Director	Title:	Executive Director Enabling Services & S151 Officer	
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STATEMENT OF CONFIDENTIALITY	
NOT APPLICABLE	
BRIEF SUMMARY	
<p>The draft statement of accounts for 2022/23 was presented to the Governance Committee at its meeting on 24 July 2023. At that time the audit of the statement was expected to be completed later in 2023. However, due to the complex set of factors contributing to audit delays across the sector, an audit of the 2022/23 statements has not been completed, other than work relating to the external auditor's value for money opinion. To address the national backlog of local audits the Government is imposing (subject to secondary legislation) a backstop date of 13 December 2024 for publication of accounts for financial years up to and including 2022/23. The Committee is required to consider and approve the accounts before they are published.</p>	
<p>This report details the changes made to the 2022/23 statement of accounts arising from an audit adjustment identified during the audit of the 2023/24 accounts that also impacts on previous years. The going concern disclosure has also been updated to reflect management's conclusion of a material uncertainty in respect of the council's ability to continue as a going concern, in recognition of the council's continuing challenging financial circumstances. The annual governance statement has also been brought up to date. A copy of the updated statement of accounts is available in the Members' Room.</p>	
RECOMMENDATIONS:	
	<p>(i) Notes the changes made to the Statement of Accounts 2022/23, and Annual Governance Statement included within, since the draft version presented to the Governance Committee in July 2023.</p>
	<p>(ii) Considers and approves the updated Statement of Accounts 2022/23 and Annual Governance Statement included within it.</p>

	(iii)	Resolves that the Executive Director Enabling Services & S151 Officer, after consultation with the Chair of this Committee, can make any further changes to the Statement of Accounts 2022/23 and Annual Governance Statement that may arise during the completion of external audit procedures prior to publication.
	(iv)	Note the template letter of representation provided by external audit is attached at Appendix 2.
REASONS FOR REPORT RECOMMENDATIONS		
1.		It is a legal requirement that the statement of accounts 2022/23 is considered and approved by this committee and signed by the person presiding at this meeting prior to publication.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED		
2.		The statement of accounts has been prepared in accordance with statutory requirements. No other options have been considered as it is a legal requirement that the statement of accounts is approved by the committee and signed by the person presiding at this meeting.
DETAIL (Including consultation carried out)		
		CONSULTATION
3.		Not applicable.
		STATEMENT OF ACCOUNTS
4.		The statement of accounts is a complex document and the layout and information provided are defined by statutory requirements. The key issues that should be drawn to the attention of the Committee were presented to the Governance Committee at its meeting on 24 July 2023. A copy of this is available in the Members' Room or by following the link below. Draft Statement of Accounts 2022/23
		STATEMENT OF ACCOUNTS AMENDMENTS
5.		The external auditors (Ernst & Young LLP) have identified during the audit of the 2023/24 statement of accounts the requirement for the in-year depreciation of council dwellings to be written out at year end to reflect that the indexation of valuations is a revaluation as at 31 March. As the 2022/23 accounts are still 'open' this requires restatement of 2022/23 opening balances and amendments to 2022/23 disclosures. There is no change to the net book value of council dwellings reported as part of property, plant & equipment in the balance sheet, or on revaluation gains recognised in the comprehensive income and expenditure statement. The changes to disclosures are summarised in Appendix 1.
6.		The general principles for the preparation of the accounts are set out in Note 1 (page 33) to the statement of accounts. This includes that the accounts are prepared on a going concern basis. The council is relying on Exceptional Financial Support (EFS) to balance its revenue budget for 2024/25. EFS is for one year only and a transformation programme is underway to help close the forecast budget shortfall in 2025/26 and future years. At this stage it is too early to know whether this and other measures being taken will be sufficient to close the budget gap. In view of this, management has concluded that there

	is a material uncertainty in respect of the council's ability to continue as a going concern and Note 1 has been updated in this respect.
7.	The Code requires that the Annual Governance Statement relates to the governance system as it applied during the financial year for the accounts that it accompanies. However, significant events or developments relating the governance system that occur between the reporting date and the date on which the statement of accounts is authorised for issue shall also be reported. The 2022/23 annual governance statement contained within the statement of accounts document has therefore been updated in this respect.
	STATUTORY TIMETABLE
8.	The Accounts and Audit Regulations (as amended) set out the deadline for publishing local authority accounts. The 2022 amendment regulations extended the deadline for the publication of final accounts from 31 July to 30 September for each year of account for 2022/23 to 2027/28. The current regulations allow for these dates being missed.
9.	To address the national backlog of local audits and put local audit on a sustainable footing the Government is imposing backstop dates for publication of final accounts. The backstop date for financial years up to and including 2022/23 is 13 December 2024. Progressively earlier backstop dates will apply for financial years 2023/24 to 2027/28, with a backstop of 28 February 2025 for 2023/24 accounts and 30 November 2028 for 2027/28 accounts. These changes will require secondary legislation when parliamentary time allows. The changes will require auditors to issue an opinion by the backstop date, which will be a 'disclaimed' opinion if the audit has not been completed.
10.	The Committee is being asked to consider and approve the updated 2022/23 statement of accounts at this meeting to allow EY sufficient time to complete their audit procedures and issue an opinion by the backstop date.
	LETTER OF REPRESENTATION
11.	As part of its procedures in forming an opinion on the statement of accounts, the external auditors require representations from the council's management on specific matters. The template letter provided by EY for this is attached at Appendix 2.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
12.	Not applicable
<u>Property/Other</u>	
13.	Note applicable
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
14.	Accounts and Audit Regulations 2015 (as amended).
<u>Other Legal Implications:</u>	
15.	None
RISK MANAGEMENT IMPLICATIONS	

16.	Auditors will be expected to give clear reasons for 'disclaimed' opinions to mitigate the possible reputational risk for local authorities and ensure they are not unfairly judged as a result of the backstop dates.
POLICY FRAMEWORK IMPLICATIONS	
17.	Not applicable. It should be note that the statement of accounts has been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK 2022/23.

KEY DECISION?	Yes/No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Amendments to 2022-23 Statement of Accounts
2.	Template letter of representation

Documents In Members' Rooms

1.	Updated Statement of Accounts 2022/23
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Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes/No
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	Yes/No
Other Background Documents	
Other Background documents available for inspection at:	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None