

## Report of the Treasurer

### Statement of Accounts 2021/22

#### Purpose of report

1. To present the 2021/22 Statement of Accounts for approval.
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#### Recommendation

***It is recommended that the Statement of Accounts 2021/22 is approved.***

#### Introduction and Background

2. The Accounts and Audit Regulations 2015 set out the dates by which an Authority must approve and publish the Statement of Accounts. As a part of the government's response to the restrictions of Covid-19 working these dates are relaxed for this year only.
3. The dates with which an Authority must normally comply are shown below, with the normal date shown in brackets for information.
4. For the 2021/22 Accounts an Authority must ensure that the Statements are:
  - a. Signed off by the Treasurer by 31 July 2022
  - b. Approved by the Authority by 30 November 2022
  - c. Published by 30 November 2022
5. The Accounts were signed off by the Treasurer on 29 July in line with the Regulations. As the audit was not completed by the 30 November the Accounts were not ready for approval by the statutory deadline, and this was recognized by publication of the relevant statutory notice to notify of the delay.
6. It was expected that the work would have been completed in time for the 19<sup>th</sup> January 2023 meeting of the Committee, but Members will recall that this was not the case. At the meeting the External Auditor stated that he thought the process would be completed within about two weeks. This was not the case.
7. Late on the 13<sup>th</sup> April, the Treasurer received notification that that the Audit was now complete, with no major issues arising. To quote from the e-mail in respect of the updated Audit Findings Report (a copy of which is attached as Appendix 1.):

*There is no significant change in this or findings, from what was presented in January, however, we can conclude that there were no issues in respect to PPE work.*

8. However, the e-mail does go on to state that:  
*However, given there has been a triennial valuation of the LGPS defined pension liability as at 31 March 2023, the firm has put an embargo on us issuing audit opinions (and all other audit firms have done the same) – as there is an argument that this could impact 21/22 LGPS IAS 19 balances materially. We are looking for a sensible solution to this with the FRC, which hopefully avoids the re-running of LGPS IAS 19 reports etc, however, I will let you know what is required when I know more.*
9. The fact that the 2021/22 Accounts are not yet approved, means that year end balances cannot yet be rolled forward. With respect to fixed assets in particular, this is causing delays to the production (and therefore potentially the Audit) of the 2022/23 Accounts, and it is therefore imperative that the 2021/22 Accounts are approved as soon as possible.
10. The Fire Authority has delegated responsibility for approval of the Accounts to this Committee.
11. Prior to approving the Statements, the Committee must consider the External Auditor's "Audit Findings Report". This is normally a separate item on the Agenda, but due to the late production of this report this is included as an Appendix here. Members did consider the original version in January and the Auditor has stated there are no significant changes from that report.

### **Statement of Accounts**

12. As Members will now be well aware, the Code of Practice on Local Authority Accounting – Statement of Recommended Practice (SORP) requires that the Accounts are prepared on the basis of International Financial Reporting Standards (IFRS). In a number of fundamental ways these differ from the Statutory Accounting framework used for Council Tax and grant purposes, and under which the Authority is charged with governance.
13. There are charges e.g. depreciation and the liability on pension funds which are required by IFRS but not chargeable on a Statutory basis and others which are required by Statute but not permitted under IFRS (e.g. provision to repay borrowing). Government does not recognise IFRS for grant allocations or the statutory budget setting process.
14. As a consequence of these differences there is a moderate net surplus (large deficit in prior year) on the Comprehensive Income & Expenditure Statement (CIES) and an extremely large negative balance on the Balance Sheet.
15. In the case of the CIES this arises from differences in between IFRS and statutory accounting and these are reconciled in the Movement in Reserves Statement (MiRS).

16. In the case of the Balance Sheet the position arises due to the liability on the Pension schemes, in particular the un-funded Fire-fighter schemes (FFPS).
17. The Authority is not, however, required or empowered to fund these deficits immediately as under the statutory arrangements they will be funded by future employer/employee contributions and, in the case of the FFPS, by direct government grant.
18. None of these accounting differences effect the underlying financial position or impact on the resources available to the Authority to deliver services.

### **Amendments to the Statements**

19. There have been no material changes to the set of Accounts that were brought before the Committee in January but which it was unable to sign off pending the final completion of the Audit.

### **Conclusion/Summary**

20. The Statement of Accounts is ready for approval.
21. Subject to paragraph 8 above, the External Auditor should be able to issue an Audit Opinion as soon as it is ready.
22. On publication, the approved Statements will include the Audit Opinion and the approved Annual Governance Statement.

## Corporate Considerations

<b>Resource Implications</b> (identify any financial, legal, property or human resources issues)	n/a
<b>Strategic Policy Links &amp; Core Code of Ethics</b> (Identify how proposals link with current priorities & policy framework and align to the Core Code of Ethics)	n/a
<b>Risk Management / Health &amp; Safety</b> (identify any risks, the proposed control measures and risk evaluation scores).	n/a
<b>Consultation</b> (identify any public or other consultation that has been carried out on this matter)	n/a
<b>Equalities</b> (has an Equalities Impact Assessment been completed? If not, why not?)	n/a
<b>Data Protection Impact Assessment</b> (where personal data is processed a DPIA must be completed to ensure compliant handling)	n/a

## Supporting Information

Appendix 1 – External Audit Findings Report

Appendix 2 – Statement of Accounts 2021-22 (separate enclosure)