

8. STATEMENT OF ACCOUNTS AND EXTERNAL AUDIT 2022/23 (JW)

1. Purpose of the report

To seek approval for the audited Statement of Accounts for 2022/23 and for Members to consider the External Auditors' (Mazars) 2022/23 annual completion report. Mark SurrIDGE, of Mazars will be present at the meeting. The related report on the annual governance statement is on the same agenda.

Key Issues

- **The External Auditor expects to give an unqualified audit opinion on the 2022/23 financial statements.**
- **The External Auditor will also report that the Annual Governance Statement (AGS) for 2022/23 complies with the guidance issued by CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives) and anticipates issuing an unqualified Value for Money (VFM) conclusion.**
- **The External Auditor requires a signed copy of the management representation letter (Appendix A within Appendix 1) prior to issuing the audit opinion.**

2. Recommendations(s)

- 1. To approve the audited Statement of Accounts for 2022/23 at Appendix 1.**
- 2. To consider and note the External Auditor's Audit Completion Report (ACR) at Appendix 2.**
- 3. To note that the letter of management representation at Appendix A within Appendix 2 needs to be signed by the Chief Finance Officer.**

How does this contribute to our policies and legal obligations?

3. The production of the draft Statement of Accounts as at the 31 March each year is a statutory requirement. The draft accounts were authorised for issue by the Chief Finance Officer by 31st May 2023 in line with the statutory deadline. The audited accounts must also be approved be presented to Members for their approval.

4. Section 9 (3) a of the Accounts and Audit Regulations 2015 requires "that the responsible financial officer for a Category 1 authority must re-confirm on behalf of that Authority that they are satisfied that the statement of accounts presents a true and fair view of:

(a) the financial position of the authority at the end of the financial year to which it relates;

and

(b) that authority's income and expenditure for that financial year."

The Chief Finance Officer re-confirms that the Statement of Accounts in Appendix 1 meets the above requirement.

5. The duties and powers of auditors are set out in the Local Audit and Accountability Act 2014, the Local Government Act 1999, the Statement of Responsibilities of Auditors and Audited Bodies and the Code of Audit Practice. Achieving an unqualified opinion on the financial statements and satisfying the Auditor that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources

are Authority performance indicators.

Proposals

6. The final statement of accounts for 2022/23 is presented at Appendix 1, with amendments to the draft statements highlighted in yellow. These relate to a change in the pension asset values following the issue of an updated report. The Authority is part of the Derbyshire Pension Fund administered by Derbyshire County Council. The values included within the Statement of Accounts are wholly supplied by Hyman's the Actuary.
7. The Audit Completion Report is presented at Appendix 2. The External Auditor plans to issue an audit report that includes an unqualified opinion on the financial statements subject to Authority considering this report, approving the financial statements and receiving the letter of management representations at Appendix A within the audit report at Appendix 1. The Annual Audit Report for 202/23 is expected to be issued later in 2024. This is because the external audit of the Derbyshire Pension Fund is not yet finalised. The Annual Report will also include the final opinion on the Authority's Value for Money (VFM) conclusion.
8. The Chief Finance Officer has responded to a number of queries raised by the External Auditors during the course of the audit and these are detailed in the ACR.
9. The External Auditor has also raised four internal control recommendations, all at the medium level. The first recommendation arises from a long standing issue regarding journals not being approved in the finance system, which has now been resolved due to the implementation of the new finance system in October 2023. The second recommendation is regarding the fixed asset register not holding the required data in the most efficient manner which will also be resolved by the implementation of a new asset management system. The third relates to an error in the process for accruals during the year end process, which will be reviewed by the finance team to ensure that the risk of errors is reduced. The fourth recommendation also relates to the holding of asset data (specifically site plans and the area of assets) which will also be resolved by the new asset management system.

Are there any corporate implications members should be concerned about?

Financial:

10. The fees for external audit are funded from the existing Finance Services budget. The audit scale fee for the 2022/23 audit is £13.7k plus VAT. Additional Fees are expected but have not yet been quantified as advised in the Audit Strategy Memorandum. Based on previous year's this could be approximately £6k. Audit fees for the 2023/24 audit have been confirmed as substantially higher at £44.8k which is included in the 2023/24 budget.

Risk Management:

11. The scrutiny and advice provided by external audit is part of our governance framework. The Auditor's work is based on an assessment of audit risk.

Sustainability:

12. There are no issues to highlight.

Equality:

13. There are no issues to highlight.

Climate Change:

14. There are no issues to highlight.

15. **Background papers (not previously published)**

None

16. **Appendices**

Appendix 1 – Statement of Accounts 2022/23

Appendix 2 – External Audit (Mazars) Audit Completion Report for 2022/23

Report Author, Job Title and Publication Date

Justine Wells, Finance Manager and Chief Finance Officer, 25 January 2024