

Wiltshire Council

Audit and Governance Committee

23 April 2024

Subject: 2020/21 Statement of Accounts and AGS Update report

Executive Summary

The overdue draft Statement of Accounts 2020/21 are now published and have a related public inspection period that commenced on Wednesday 3 April 2024 which runs for 30 working days. This report sets those draft accounts out in an appendix.

As part of the suite of documents that make up the Statement of Accounts and that are published, the Annual Governance Statement (AGS) is included. The AGS 2020/21 was reviewed prior to publication and a small amendment made to the wording referring to the 2019/20 accounts so that it correctly reflects the 'disclaimer of opinion' given by the external auditors for those accounts. This report requests approval of that change in wording.

Proposal(s)

It is recommended that the Audit & Governance Committee:

- 1) Approve the amended Annual Governance Statement for 2021/21; and
- 2) Note the publication of the Draft Statement of Accounts 2020/21.

Reason for Proposal(s)

The responsible financial officer is required to publish the Statement of Accounts for the Council by the deadlines set out in regulation. The deadline for the publication of the 2020/21 Statement of Accounts was 31 July 2021 for draft accounts and 30 September 2021 for final audited accounts. It is therefore important that progress continues to draw the accounts to conclusion and the Audit & Governance Committee receive updates on the progress of the work on these and all outstanding accounts, as they are significant overdue.

Lizzie Watkin

Director of Finance and Procurement (S.151 Officer)

Wiltshire Council

Audit and Governance Committee

23 April 2024

Subject: 2020/21 Statement of Accounts and AGS Update report

Purpose of Report

1. This report sets out the Wiltshire Council draft Statement of Accounts 2020/21 which are now published and reports an amendment to the wording of the previously approved Annual Governance Statement (AGS) 2020/21 for approval.

Relevance to the Council's Business Plan

2. The responsible financial officer, the council's Section 151 Officer, is required to publish the Statement of Accounts for the council by the deadlines set out in regulation. Providing updates to those charged with governance as significant delays exist to publishing outstanding accounts is an important element of transparent public reporting.

Background

3. The statutory deadline for the 2020/21 Statement of Accounts approval was 31 July 2021 for draft accounts and 30 September 2021 for final audited accounts.
4. There has been a significant delay in the completion of the accounts and audit process for the 2019/20 financial year which has impacted on the production of the Statement of Accounts 2020/21.
5. The AGS 2020/21 was approved by this committee on 11 October 2021 when it was understood that the audit opinion on the 2019/20 accounts would be an 'except for' qualification.
6. In their ISA260 report the External Auditor reported to this committee on 7 February 2024 a 'disclaimer of opinion' for the 2019/20 accounts. These accounts were approved by this committee at the same meeting.

Main Considerations for the Council

7. Following the completion of the audit of the 2019/20 Statement of Accounts the draft Statement of Accounts for 2020/21 have now been produced and were published on the council's website with a public inspection period commencing on 3 April 2024.
8. As part of the suite of documents that make up the Statement of Accounts, the Annual Governance Statement (AGS) is included. As the production of the Statement of Accounts 2020/21 has been delayed for a significant period since the AGS 2020/21 was approved a review was required of the AGS to ensure it appropriately reflected the governance position.

9. The original AGS 2020/21 that was approved by this committee included a reference to the audit opinion of the Statement of Accounts 2019/20, which was assumed at that point to be an 'except for' qualification. The final audit opinion included in the external auditors ISA260 report for the 2019/20 accounts is a 'disclaimer of opinion' and to ensure this was not mis-represented in the AGS an adjustment to the wording was agreed and included in the AGS 2020/21 included in the Statement of Accounts 2020/21, with a footnote setting out approval by this committee was being sought.

10. For ease the wording has been changed to:

The Council has been working with the External Auditor to agree an approach to drawing the outstanding accounts to conclusion. The Council accepted an 'except for' qualification for the 2018/19 accounts associated with the queries associated with the historic balances within the revaluation reserve and the capital adjustment account. The Council has accepted a disclaimer of opinion for the 2019/20 accounts and has implemented various improvements and additional controls to address the deficiencies reported by the External Auditor. Details of the auditor's opinion can be found in the auditor's ISA260 report.

11. The Draft Statement of Accounts 2020/21 are attached as Appendix A and include the updated AGS.

Overview and Scrutiny Engagement

12. No overview and scrutiny engagement has taken place due to the statutory nature of the Statement of Accounts and Audit process. Those charged with governance are responsible for the review and approval of all matters concerning the annual accounts.

Safeguarding Implications

13. There are no safeguarding implications associated with this report.

Public Health Implications

14. There are no public health implications associated with this report.

Procurement Implications

15. There are no procurement implications associated with this report.

Equalities Impact of the Proposal

16. There are no equalities impacts arising from this report.

Environmental and Climate Change Considerations

17. There are no environmental and climate change considerations arising from this report.

Risks that may arise if the proposed decision and related work is not taken

18. The annual accounts are required to be published by the deadlines set out in regulation. The accounts and audit process remaining outstanding means that the ability to progress the accounts for 2021/22 is limited and results in further delay to all subsequent accounts. The statutory deadline for completion of the draft accounts for 2020/21 was 31 July 2021 and of the draft accounts for 2021/22 was 31 July 2022 and of the draft accounts for 2022/23 was 31 May 2023.
19. There is a need to ensure that all elements of the suite of documents that are included as part of the published Statement of Accounts for 2020/21 are appropriate and there was a technical change required to reflect the final audit opinion of the Statement of Accounts 2019/20. This has been made to the published draft accounts in advance of the approval of the change in wording by this committee. To leave the wording in-accurately reflecting the audit opinion of prior year accounts brings risk of mis-representation.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

20. Council officers continue to work to bring the Accounts and Audit process for all outstanding periods to conclusion. The audit is a statutory function and accounts must be prepared in accordance with regulation to represent a true and fair view of the financial position of the council and must not contain misleading information.

Financial Implications

21. The continuing external audit process exposes the council to on-going costs associated with the use of specialist, experienced agency staff to manage the production of the outstanding accounts and continuing audit queries. It is not expected that any significant audit activity will be undertaken on the outstanding accounts up to and including the 2022/23 accounts and the council will investigate any potential reimbursement of fees already paid for this work if services are not provided.
22. There are no direct financial implications as a result of the publication of the draft Statement of Accounts or amendment in the wording in the AGS.

Legal Implications

23. Regulation sets out the publication requirements for Local Authority Accounts and the council is unable to meet these requirements due to the on-going accounts and audit process delays. Notices are published on the council's website giving detail of the late publication of the outstanding accounts.

Workforce Implications

24. Additional in house and external resource has been and continues to be committed to the work to bring all the outstanding accounts to conclusion. This work has been ongoing for in excess of two and a half years.

Options Considered

25. It is important that the outstanding accounts and audit processes are drawn to conclusion as soon as possible. The small amendment to the wording in the AGS that refers to the 2019/20 accounts opinion could have been approved using emergency decision making powers but it was felt more appropriate, due the close timing of this committee to bring forward the amendment for approval by this committee and who had approved the original wording in the AGS 2020/21.

Conclusions

26. It is recommended that Audit and Governance Committee note the contents of this report and its appendix and approve the change of wording of the AGS.

Lizzie Watkin

Director of Finance and Procurement (S.151 Officer)

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12/04/2024

Appendices

Appendix A – Wiltshire Council Draft Statement of Accounts 2020/21

Background Papers

The following documents have been relied on in the preparation of this report:

Draft Statement of Accounts 2020/21 - [Statement of accounts - Wiltshire Council](#)