

Wiltshire Council

Audit and Governance Committee

5 December 2024

Subject: 2020/21 & 2021/22 Statement of Accounts Approval

Executive Summary

The council has faced significant issues with progressing the production of the outstanding accounts for the financial years 2020/21, 2021/22, 2022/23 and 2023/24 and has reported to the Audit & Governance Committee regularly to inform those charged with governance the position and expectations of progress of those accounts and contextual regulatory changes.

The council is not alone with issues that have been faced and a national backlog has been seen. As a mechanism to tackle and clear the backlog of accounts and audit processes government issued new regulation that set out “backstop dates” to allow accounts and audit process to be concluded without the need for the usual regulatory substantive audit processes.

The date set for the “backstop date” for all outstanding accounts up to and including the 2022/23 financial year is 13 December 2024. To meet this date the council must still produce draft accounts and allow for the statutory public inspection period, which is 30 working days. The council is also required to approve the accounts and approve all necessary documents that support this process.

The council has published draft accounts for 2020/21 and 2021/22 and the period of public inspection has concluded.

The External Auditors ISA260 report is due to be received prior to the approval processes and in advance of the backstop date of 13 December 2024. The council is expecting that the auditors are issuing a ‘disclaimer of opinion’ for both years.

It is critical that the process for the 2020/21 and 2021/22 is drawn to conclusion as soon as practicably possible and by the “backstop date” and therefore these accounts and all necessary document is required to be approved. The council is expecting to receive the ISA260 report from the External Auditors any day.

Proposal(s)

It is recommended that the Audit & Governance Committee:

1. Delegate approval of the following items to the S151 Officer in consultation with the Chair of the Audit & Governance Committee to allow the accounts and audit processes to draw to final conclusion:

- a. The Letters of Representation for the 2020/21 and 2021/22 financial years for both Wiltshire Council and Wiltshire Pension Fund.
 - b. The Statement of Accounts 2020/21.
 - c. The Statement of Accounts 2021/22.
2. Approve an amendment to the Annual Governance Statement (AGS) that refers to an 'except for' qualification for the 2019/20 accounts and ratify that no other amendments are required to the Annual Governance Statement for 2020/21 (Appendix A).
 3. Approve an amendment to the Annual Governance Statement (AGS) that refers to an 'except for' qualification for the 2019/20 accounts and ratify that no other amendments are required to the Annual Governance Statement for 2021/22 (Appendix B).

Reason for Proposal(s)

The responsible financial officer is required to approve and publish the Statement of Accounts for the Council by the deadlines set out in regulation, or as soon as reasonably practicable after the receipt of the auditor's final findings.

Lizzie Watkin

Interim Corporate Director of Resources and S151 Officer

Wiltshire Council

Audit and Governance Committee

5 December 2024

Subject: 2020/21 & 2021/22 Statement of Accounts Approval

Purpose of Report

1. This report requests delegation to the S151 officer in consultation with the Chair of the Audit & Governance Committee to approve the accounts for the financial years 2020/21 and 2021/22 and all associated documentation to allow the conclusion of the accounts and audit processes for these financial years. This will mean that the council has met the “backstop date” for those years.
2. The report also requests approval of amendments to the Annual Governance Statements issued for those years in reference to the accounts and audit position and expected audits opinion for 2019/20.
3. It is expected that the ISA260 report from the External Auditor will be presented to this same committee meeting, prior to the approval processes and in advance of the “backstop date” of 13 December 2024. The council is expecting that the auditors are issuing a ‘disclaimer of opinion’ for both years.

Relevance to the Council’s Business Plan

4. The responsible financial officer, the council’s Section 151 Officer, is required to approve and publish the Statement of Accounts for the council by the deadlines set out in regulation, or as soon as reasonably practicable after the receipt of the auditor’s final findings.

Background

5. The council has faced delays to the accounts and audit processes and seen several financial years of accounts remaining outstanding. The council is not alone in this and nationally Local Government has experienced significant delays in the publication of approved, audited accounts. Sector representatives and stakeholders have been debating approaches to clear this national backlog and the Audit & Governance Committee have been updated many times on the council’s outstanding accounts and the proposed cross-system approach of implementing statutory “backstop dates” to manage the significant national backlog of audit opinions.
6. Formal consultations were issued earlier in the year and government on 30 July 2024 [announced its intentions](#) to pursue proposals to address the local audit backlog. In parallel to publishing response to the consultation feedback, regulations were laid in Parliament as well as, on behalf of the Comptroller and Auditor General and the National Audit Office (NAO), a new Code of Audit Practice.

7. The date set out within this new regulation for all accounts and audit processes up to and including the financial year 2022/23 to be completed is 13 December 2024 and is known as the “backstop date” for those accounts.
8. The council has published draft accounts for the financial years 2020/21 and 2021/22 and the public inspections periods for these accounts have concluded.
9. The External Auditor is expected to present their ISA260 report at this committee which draws the audit process to conclusion and allows the council to approve the accounts. As discussed at previous committee meetings and as included earlier in this report it is expected that the auditors are issuing a ‘disclaimer of opinion’ for both years.
10. Due to timings, not all documentation is available, and it is therefore being requested that delegation is given to the S151 Officer to complete all final approvals and allow all documentation to be signed to conclude the accounts and audit processes by the “backstop date”.
11. The original Annual Governance Statements for those years refer to auditor’s opinions that were expected to be issued. Since those dates and as reported to this committee the council is now accepting disclaimer of opinions from the External Auditor and the AGSs need updating to reflect this. The original wording can be seen in the draft accounts and is included in Appendix A for 2020/21 and Appendix B for 2021/22 alongside the recommended wording for approval.

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 and responsible for the approval of the 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. Matters of performance associated with External Audit Services is managed through the Public Sector Audit Appointments (PSAA) contract.

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 approved and published by the deadlines set out in regulation or as soon as reasonably practicable after the receipt of the external auditor's final findings report. The regulations that set out the statutory "backstop dates" confirm the date for the accounts and audit conclusion as 13 December 2024.

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

19. The responsible financial officer, the council's Section 151 Officer, is required to approve and publish the Statement of Accounts for the council by the deadlines set out in regulation, or as soon as reasonably practicable after the receipt of the auditor's final findings.

Financial Implications

20. The sub-standard original draft accounts for 2019/20 and prolonged external audit process has exposed the council to significant costs associated with the use of specialist, experienced agency staff to manage correcting the errors and misstatements and the continued and repetitive audit queries and process. These agency staff members have been critical in progressing the backlog and remain in place to conclude all outstanding accounts and audit processes to support the substantive members of staff. The continued audit process will result in additional audit fees that will be determined through the PSAA contractual arrangements and arbitration.

Legal Implications

21. Regulation sets out the publication requirements for local authority accounts and the council is unable to meet these requirements due to the on-going issues. Notices are published on the council's website giving detail of the late publication for the outstanding accounts.
22. As soon as practicable the council will publish the remaining accounts that are overdue and will allow inspection of those accounts through public inspection, so that they are in line with the statutory requirement to allow public access and scrutiny. Notifications of these accounts' publications and public inspection periods will be available on the council's website.

Workforce Implications

23. Additional in-house and external resource has been and continues to be committed to the work to conclude the outstanding accounts.

Options Considered

24. Accounts are concluded in line with guidance and regulation set by Government and other regulators. The responsible financial officer, the council's Section 151 Officer, is required to approve and publish the Statement of Accounts for the council by the deadlines set out in regulation, or as soon as reasonably practicable after the receipt of the auditor's final findings. There are no other options to consider.

Conclusions

25. It is recommended that Audit and Governance Committee approve the delegation requested and approve the amendments to the AGSs for those years so they can be concluded and the "backstop date" met.

Lizzie Watkin

Interim Corporate Director of Resources S.151 Officer

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27/11/2024

Appendices

Appendix A – Annual Governance Statement 2020/21 wording amendment

Appendix B – Annual Governance Statement 2021/22 wording amendment

Appendix C – [Draft Statement of Accounts 2020-2021.pdf](#)

Appendix D – [2021-22_DRAFT_SOA.pdf](#)

Background Papers

Audit & Governance Committee – 23 July 2024 – Statement of Accounts / Backstops Update report - ([Public Pack](#))[Agenda Document for Audit and Governance Committee, 23/07/2024 13:30](#)