

Report to the Audit & Governance Committee



Epping Forest
District Council

Date of meeting: 19th September 2024

Portfolio: Finance & Economic Development

Subject: (Audited) Statement of Accounts 2021/22

Responsible Officer: Andrew Small (01992 564278)

Democratic Services: Laura Kirman (01992 564243)

Recommendations/Decisions Required

- (1) To consider and comment upon the audited Statement of Accounts 2021/22 in the context of the Deloitte audit reports for the year ended 31st March 2022 presented elsewhere on this agenda (**Appendix A**).
- (2) That a report be submitted to the Council recommending that the statutory Statement of Accounts for 2021/22 be adopted.

Executive Summary

The audit of the Council's Statement of Accounts 2021/22 has now concluded, and the findings of the external auditors have been reported elsewhere on this agenda.

The draft Statements for 2021/22 were published on 8th July 2022. This was around 5 weeks after the statutory publication deadline of 31st May 2022 as the Finance team struggled for capacity at that time, partly due to the late running audit of the 2019/20 and 2020/21 Statement of Accounts.

Following long delays (a widely reported national problem in the sector), the audit has now concluded, and the final (audited) Statement of Accounts 2021/22 are presented to the Committee for consideration and comment.

The following key matters are highlighted:

- No *material* audit adjustments were required to the draft Statement of Accounts 2021/22 (**Appendix A** attached). The only *significant* adjustment related to an over-accrual of the Qualis Management Fee (of £0.740 million); this was identified and corrected by the Finance team prior to the audit. The resulting adjustments impacted on the Surplus on the Provision of Services (in the CIES) and the corresponding Debtor (on the Balance Sheet).
- Overall, there were limited amendments, generally restricted to classification matters; and
- The auditors propose to issue an unqualified opinion.

I also further wish to reassure the Committee that the Council has had a fully resourced professional Finance function in place since early 2022, which has enabled the improvement journey in financial reporting to continue, including the publication of the draft Statement of Accounts for 2022/23 and 2023/24 on 2nd June 2023 and 28th May 2024 respectively (e.g. a full 3 months earlier than the 2020/21 Statements). Epping Forest District Council is now in a minority of district councils nationally that is able to produce and publish its draft Statement of Accounts within the (very challenging) statutory deadline of 31st May.

Reasons for Proposed Decision

To ensure that the Committee maintains robust oversight of the Council's duty to prepare annual financial statements that comply with proper accounting practice as defined by Section 21(2) of the Local Government Act 2003.

Legal and Governance Implications

The local government financial reporting and audit regime exists within in a tightly regulated framework.

For the accounting period 2021/22, this included the:

- Local Government Act 1972 (Section 151)
- Local Government Act 2003 (Section 21(2))
- Local Audit and Accountability Act 2014 (various); and
- Accounts and Audit (Coronavirus) Amendments Regulations 2020.

Safer, Cleaner and Greener (SCG) Implications

None.

Background Papers

Epping Forest District Council "*Statement of Accounts 2021/22*" (draft) published 8th July 2022.

CIPFA/LASAAC "*Code of Practice on Local Authority Accounting in the United Kingdom 2021/22*" (Guidance Notes).

Risk Management

There are a range of risks associated with local authority accounting and audit ranging from reputational damage to the Council through to the loss of public funds through fraud and error and a lack of accountability; the accounting and audit regime acts as a key mitigating control.