

Item No. 10.	Classification: Open	Date: 17 October 2022	Meeting Name: Audit, Governance and Standards Committee
Report title:		Draft 2021-22 statement of accounts for Southwark council	
Ward(s) or groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATION

1. That the audit, governance and standards committee considers the draft 2021-22 statement of accounts published in August 2022 (appendix 1).

BACKGROUND INFORMATION

2. The publication of the statement of accounts is an essential feature of public accountability and stewardship as it provides an annual financial report on the council's stewardship of public funds for which it is responsible. The closing of accounts is also important for financial control and management since it confirms the availability of reserves and balances for future use.
3. The draft 2021-22 statement of accounts is subject to external audit. Grant Thornton, the auditors, are required to satisfy themselves that the council's accounts comply with statutory requirements and that they have been compiled according to proper practices. In addition they are also required to provide an opinion as to whether the council has arrangements in place for securing economy, efficiency and effectiveness in the use of resources.
4. Under the constitution, the audit, governance and standards committee formally receives and approves the annual statement of accounts. The audited accounts together with the external auditors' findings report on the accounts are scheduled to be presented to the audit, governance and standards committee at their meeting in November 2022, subject to the progress status of audit.

KEY ISSUES FOR CONSIDERATION

5. Under the 2015 regulations, the accounts are required to present a true and fair view of the financial position of the council and comply with 'proper accounting practices'. The Local Government Act specifies the Chartered Institute of Public Finance Accountants (the CIPFA) Code of Practice on local authority accounting as representing proper accounting practices for this purpose.
6. In response to the Covid-19 pandemic, the government approved an extended timetable for publishing and auditing the accounts. The Accounts

and Audit Regulations 2015 and Accounts and Audit (Coronavirus) (Amendment) Regulations 2021¹ has changed the accounting timetable for 2021-22, with the new statutory deadline for draft accounts issuance being 31 July 2022 and the final audited accounts, 30 November 2022.

7. The regulations also require the draft accounts to be reviewed by the council's responsible section 151 officer (the Strategic Director of Finance and Governance) by 31 July, and for those accounts to be published for public inspection by no later than the first working day of August, or else issue a notice of delay on its website. A notice of delay was published on 29 July stating that the council had to delay publication of the draft 2021-22 statement of accounts until August 2022 due to resourcing issues.
8. The draft 2021-22 statement of accounts have now been approved by the Strategic Director of Finance and Governance and were published on the council's website alongside the draft Annual Governance Statement on 26 August 2022, and the period of public inspection commenced on 30 August 2022.
9. The external audit of the draft accounts is due to commence on 3 October 2022 and it is currently expected that the audit will be completed by 30 November 2022.
10. It should also be noted that the audit of 2020-21 Statement of Accounts has been prevented from completion due to a national moratorium by audit firms in the local government sector pending the resolution of a technical accounting matter regarding the valuation of infrastructure assets (e.g. highways, bridges, street lighting) on local authority balance sheets. The Department for Levelling Up, Housing and Communities is anticipated to shortly issue legislation to resolve this matter.
11. The audited accounts, together with the external auditors report, are expected to be presented to members at their November 2022 meeting for scrutiny and approval. The draft accounts are presented to members now to inform and enable early scrutiny of the key figures ahead of the completion of the audit.

Community, equalities (including socio-economic) and health impacts

Community impact statement

12. This report and the accompanying accounts are not considered to have a direct impact on local people and communities. However, good financial management and reporting arrangements are important to the delivery of local services and to the achievement of outcomes.

Equalities (including socio-economic) impact statement

13. This report is not considered to contain any proposals that would have a

¹ <https://www.legislation.gov.uk/ukxi/2021/263/made>

significant equalities impact.

Health impact statement

14. This report is not considered to contain any proposals that would have a significant health impact.

Climate change implications

15. This report is not considered to contain any proposals that would have a significant impact on climate change.

Resource implications

16. There are no direct resource implications in this report.

Consultation

17. Consultation on the draft statement of accounts is carried out through formal public inspection. The accounts will be available for public inspection from Tuesday 30 August 2022 until Tuesday 11 October 2022.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

18. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Finance and Governance files	Finance and Governance, Second Floor, Tooley Street	Amarjit Uppal 0207 525 4578 Jade Cheung 07592 115556

APPENDICES

No.	Title
Appendix 1	Draft 2021-22 statement of accounts for Southwark council

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Jade Cheung, Accountant Amarjit Uppal, Chief Accountant	
Version	Final	
Dated	16 September 2022	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	No	N/A
Strategic Director of Finance and Governance	N/A	N/A
Cabinet Member	N/A	N/A
Date final report sent to Constitutional Team	7 October 2022	