

# Report to Audit and Risk Assurance Committee

**18 July 2024**

<b>Subject:</b>	Statement of Accounts for 2021/22
<b>Director:</b>	Alex Thompson Executive Director of Finance of Transformation
<b>Contact Officer:</b>	Claire Spencer Acting Assistant Director of Finance Claire_spencer@sandwell.gov.uk

## 1 Recommendations

- 1.1 That the Council's 2021/22 Statement of Accounts, as set out in Appendix 1, be approved;
- 1.2 That, in accordance with 1.1 above, the Chair of the Audit and Risk Assurance Committee signs the Statement of Accounts (in accordance with the requirements of the Accounts and Audit Regulations 2015).
- 1.3 That the Executive Director of Finance and Transformation be authorised to make any minor adjustments to the Statement of Accounts prior to the publication of the audited Statement of Accounts.
- 1.4 That the Executive Director of Finance and Transformation and the Chair of the Audit and Risk Assurance Committee sign the letter of representation in relation to the financial statements, on behalf of the Council, and send the letter to the Council's external auditor, Grant Thornton.



## 2 Reasons for Recommendation

- 2.1 This report provides for approval of the Council's 2021/22 Statement of Accounts, following substantial completion of the audit of the accounts.
- 2.2 The Accounts and Audit Regulations 2015 state that elected members of the Council are required to approve the annual accounts following completion of the audit of the accounts.

## 3 How does this deliver objectives of the Corporate Plan?

- 3.1 The Statement of Accounts considers the overall financial position of the local authority, including the level of assets and balances held. The financial position of the authority underpins all of the authority's activities, and therefore underpins the Corporate Plan.
- 3.2 The work of the Council's external auditors is an important element of the accountability and transparency of the council's financial arrangements, and those arrangements help to support all of the council's objectives.

## 4 Context and Key Issues

- 4.1 The statutory deadline for publishing the 2021/22 Statement of Accounts was 30<sup>th</sup> November 2022. As outlined in previous reports presented to the Audit and Risk Assurance Committee, there have been significant delays in finalising financial statements relating to previous financial years, due to technical accounting issues, resource issues and delays in carrying out audit work, and this has led to a resulting delay in producing the Statement of Accounts for 2021/22. The issues faced by the Council are being experienced by local authorities across the country, and the backlog in the publication of audited accounts of local bodies in England peaked at a level of 918 outstanding audit opinions at 30<sup>th</sup> September 2023.



- 4.2 In late summer 2023, the audit of the Council's 2020/21 Statement of Accounts was completed and an unqualified audit opinion was issued by the external auditor on the Statement. An unqualified audit opinion is issued when the external auditor has concluded that financial statements:
- Give a true and fair view of the authority's financial position and of its income and expenditure during the relevant accounting period
  - Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting
  - Have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014
- 4.3 Following publication of the audited Statement of Accounts for 2020/21, the Council worked to produce a draft Statement of Accounts for the year ending 31<sup>st</sup> March 2022, and this was presented to the external auditor, Grant Thornton, for audit of the document in December 2023.
- 4.4 Grant Thornton has audited the 2021/22 Statement of Accounts between December 2023 and July 2024. The audit of the Statement of Accounts is substantially complete and the auditor has indicated that an unqualified opinion will be issued in relation to the accounts, subject to successful completion of the outstanding matters. A copy of the 2021/22 audited Statement of Accounts is attached at appendix 1.
- 4.5 Grant Thornton has prepared its Audit Findings Report following substantial completion of the audit of the 2021/22 Statement of Accounts. The Audit Findings Report, which is attached at appendix 2 and which will be presented to the Audit and Risk Assurance Committee by representatives of Grant Thornton, reflects the external auditor's observations on matters arising during the course of the audit.
- 4.6 The Council is required to produce a letter of representation to the external auditor which provides assurance that the information submitted within the accounts is accurate and that all material information has been disclosed to the auditor. The auditor will not sign off the Statement of Accounts until this letter has been received. It is proposed that the letter of representation is signed by the Executive Director of Finance and Transformation and the Chairman of the Audit and Risk Assurance Committee on behalf of the Council.



## 5 Alternative Options

- 5.1 The Council is required under statute to produce and publish its audited Statement of Accounts for each financial year. As such, there is no alternative option.

## 6 Implications

<b>Resources:</b>	This report considers the overall financial position of the local authority in the form of the Council's Statement of Accounts. The accounts consider the level of assets controlled and owned by the authority, and the level of balances held.
<b>Legal and Governance:</b>	The Statement of Accounts is a statutory document. The Local Government Act 2003 (section 21) enables the Secretary of State to issue regulation on the preparation and publication of accounts for local authorities, which is fulfilled by the Accounts and Audit Regulations 2015 (as amended).
<b>Risk:</b>	Details of potential risks affecting the balances and financial health of the Council are detailed within the Statement of Accounts, which has been subject to audit. The work of the external auditor has focussed primarily on areas of highest risk, in accordance with the auditor's audit plan.
<b>Equality:</b>	It was not necessary to undertake an Equality Impact Assessment.
<b>Health and Wellbeing:</b>	There are no direct health and wellbeing implications from this report.
<b>Social Value</b>	There are no direct social value implications from this report.
<b>Climate Change</b>	There are no direct climate change implications from this report.
<b>Corporate Parenting</b>	There are no direct corporate parenting implications from this report.



## 7. Appendices

Appendix 1 – Sandwell Metropolitan Borough Council 2021/22  
Statement of Accounts

Appendix 2 - Grant Thornton's report "The Audit Findings for Sandwell  
Council – Year Ended 31 March 2022"

Appendix 3 – Letter of representation

## 8. Background Papers

None

