

## Slough Borough Council

Information needed	Details
Report To:	Audit and Corporate Governance Committee
Date:	20 <sup>th</sup> February 2025
Subject:	Final Statements of Accounts for 2021/22 and 2022/23
Chief Officer:	Annabel Scholes – Executive Director of Finance and Commercial
Contact Officer:	Chris Holme – Finance Director – Corporate and Strategic
Ward(s):	N/A
Exempt:	NO
Appendices:	Appendix 1 Final Statement of Accounts 2021/22 Appendix 2 Final Statement of Accounts 2022/23 Appendix 3 Letters of Representation 2021/22 and 2022/23

### 1. Summary and Recommendations

- 1.1 In accordance with the requirements of the Accounts and Audit (Amendment) Regulations 2024, final accounts for financial years 2021/22 and 2022/23 are presented to Audit and Corporate Governance Committee for approval. They are attached as Appendices 1 and 2 to this report.

#### Recommendations:

Audit and Corporate Governance Committee is recommended to:

- a) Approve the Final Statement of Accounts for 2021/22 as set out in Appendix 1
- b) Approve the Final Statement of Accounts for 2022/23 as set out in Appendix 2
- c) Approve the Letters of Representation for the 2 years as set out in Appendix 3

#### Commissioner Review

The government is determined to drive sustained improvements in the local audit system and deliver a new framework for effective local audits. Clearing the backlog of outstanding accounts for financial years up to and including 2022/23 as soon as practicable is an essential part of that process. The time constraints of the backstops along with the legacy financial issues previously identified, mean a disclaimed auditor opinion is planned for 2021/22 and 2022/23. The Council has undertaken risks-based balance sheet reviews to provide additional assurance over the balances to 2022/23 and as such the committee should seek to understand any further limitations on the core or supplementary financial statements, based on ongoing data integrity and reconciliation issues.

Commissioners welcome the introduction of summarised accounts, which should aim to present a statement designed to aid members and the local community. To have credibility it would need to be reconcilable to the Statutory Accounts and be subject to audit. The committee should consider if the objective above has been achieved.

Commissioners are content for this report to be considered.

## **2. Report**

### **Introductory paragraph**

- 2.1 The Accounts and Audit (Amendment) Regulations 2024 set out the requirements for publication of backlog statements of accounts. Officers have continued to work to a very challenging timetable to prepare, publish for public inspection and have audited four separate Statements of Accounts (2019/20 to 2022/23), and must now complete the 2023/24 accounts by the end of February 2025. It should be noted that audited accounts for 2021/22 and 2022/23 did not meet the 13<sup>th</sup> December deadline, and audited Statement of Accounts will not meet the 28<sup>th</sup> February deadline, as set out in the amended regulations.
- 2.2 Notwithstanding the above, significant progress has been made in achieving the challenging timelines, particularly for Slough BC, given the well documented issues regarding the adequacy of accounting records, the final 2021/22 and 2022/23 Statement of Accounts are now presented for approval. Options considered

Under the Council's constitutional arrangements, final accounts must be presented to the Audit and Corporate Governance Committee for approval. No other option has been considered.

## **3. Report**

- 3.1 The Secretary of State, as of February 2024, issued draft Accounts and Audit (Amendment) Regulations 2024, following consultation with the sector and other stakeholders, which sets out the requirements for publication of statement of accounts, annual governance statement and narrative statement for local authorities - financial years 2015-2027. All local authorities are assumed to be duty bound to comply with the regulations, which have provided a way forward to deal with the national backlog of local authority accounts. All Statements of Accounts up to and including 2022/23, should have been completed and audited by 13<sup>th</sup> December 2024, and 2023/24 accounts audited by 28<sup>th</sup> February 2025.
- 3.2 Timely and high-quality financial reporting and audit of local authorities is vital. Not only does it support good decision making by those authorities, by enabling them to plan effectively, make informed decisions and manage their services - it ensures transparency and accountability to local taxpayers. Whilst the majority of local authorities have experienced significant backlogs in the publication of audited accounts, the position in Slough has been compounded by a legacy of inadequate record keeping and lack of progress in historic accounts preparation.
- 3.3 The 2019/20 and 2020/21 final audited Statement of Accounts have now been published, following approval by this Committee in December 2024.
- 3.4 The final 2021/22 and 2022/23 Statements of Accounts are attached as Appendices 1 and 2 respectively to this report. They comprise of the following key accounting statements:
  - Comprehensive Income and Expenditure Statement – this shows the net cost for the year of providing services which are funded from taxation (both local and non-specific national grant)

- Movement in Reserves Statement – this shows the movement in the year on the different reserves, both useable and unusable, held by the Authority
- Balance Sheet – this shows the value as at the 31st March 2022, and 31<sup>st</sup> March 2023 of the assets and liabilities recognised by the Authority. The net assets of the Authority are matched by the reserves held by the Authority
- Cash Flow Statement – this shows the changes in cash and cash equivalents of the Authority during the financial year

3.5 Draft accounts for 2021/22 were published for public inspection on 24<sup>th</sup> December 2024, having been presented to this Committee on the 10<sup>th</sup>. Draft accounts for 2022/23 were published on the 31<sup>st</sup> December, provisional accounts having also been presented to this Committee on the 10<sup>th</sup>. The statutory period for public inspection has subsequently concluded for both sets of accounts, and there are no material changes to the draft accounts as published in December. However, with regard to the 2022/23 accounts a technical adjustment to the value of £1.1m has been incorporated into the final accounts arising from understated carry forward of balances which meant gross income for Corporate Services was understated by that amount. The correction, as reflected in the Movement in Reserves statement, increases useable reserves from £57.126m as at 31<sup>st</sup> March 2023 to £58.292m.

3.6 The Chair of Audit and Corporate Governance Committee and the S151 Officer are required to sign letters of representation to the auditors, provided in connection with the audit of financial statements for the respective financial years. It should be noted that neither post holders were in post during the financial years in question and accounting transactions processed during that accounting period were processed by a previous finance team.

3.7 A Short summary accounts have been prepared and are attached at the end of this report.

## 5.1 *Financial implications*

5.1.1 There are no specific financial implications arising from this report. However, finalisation of the historic backlog of accounts will determine the level and impact of prior year liabilities which could significantly impact on future financial sustainability of the Council.

5.1.2 Costs of external audit fees for the years 2019/20 to 2023/24 backstop accounts, are factored into the 2024/25 budget.

## 5.2 *Legal implications*

5.2.1 Regulation 9A was inserted into the 2015 Regulations to provide that, for the financial years 2015/16 to 2022/23, the deadline to publish the final accounts and statements is 13<sup>th</sup> December 2024. Deadlines for publication are also provided for the financial years 2023/24 to 2027/28. The published statement of accounts must have been approved by the Category 1 authority in accordance with regulation 9(2) of the 2015 Regulations and include the opinion and any certificate from the local auditor in accordance with section 20(2) of the Act.

5.2.2 Where a Category 1 authority is unable to comply with the publication deadlines, for instance where the public inspection period has not been completed, meaning the accounts cannot be audited, regulation 9(5) and (6) apply. These state that if the auditor is considering an objection, declaring an item of account unlawful, considering whether to make an application to court or an application has been made and has not been determined (including at appeal) or the auditor is not satisfied that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, the authority must publish a notice stating that it has not been able to publish its accountability statements and its reasons for this and publish its accountability statements as soon as reasonably practicable. If these matters do not apply, the authority must publish a notice stating it has failed to publish its accountability statements, its reasons for this and that it acknowledges that it must publish its accountability statements as soon as reasonably practicable. It must also send a copy of this notice to the Secretary of State and publish its accountability statements as soon as reasonably practicable.

### 5.3 *Risk management implications*

5.3.1 Failure to publish the Statement of Accounts on time has significant reputational risks for the Council. A dedicated project team was put in place for completion of the 2019/20 to 2023/24 accounts, and some members of that team will be required to provide continuity for completion of the draft 2024/25 accounts.

5.3.2 There are inherent financial risks for financial sustainability arising from potential liabilities not recognised without adequate prior year's audited accounts.

### 5.4 *Environmental implications*

5.4.1 There are no specific environmental implications of the recommendations.

### 5.5 *Equality implications*

5.5.1 There are no specific equalities and inclusion implications of the recommendations.

### 5.6 *Procurement implications*

5.6.1 There are no specific procurement implications arising from the recommendation, however any further additional external support required for completion of the backlog accounts process will be commissioned in accordance with the Council's Contact Procedure rules. Any exception to the latter should only be for emergency requirements, following review by officers through the Expenditure Control Board, and will be reported to the following Audit and Governance Committee.

### 5.7 *Workforce implications*

5.7.1 This project continues to be a very intensive programme of works and will continue into the new financial year as we strive to meet the statutory deadline for delivery of the 2024/25 Statement of Accounts. The backlog audit work programme has had to be undertaken in conjunction with the normal business activities of the Council. A dedicated project team within Finance was set up which has required some limited temporary backfilling and support from other key areas across the Council with a risk of additional pressures. Where any additional external resources have been engaged has been vital that the appropriate level of internal capacity building was included

within the contractual arrangement. From a duty of care perspective, it is essential that adequate resources are identified to fulfil these essential requirements.

## **6. Background Papers**

None