

Meeting date: 14 November 2022

Report to: Audit Committee

Report title: Final Statement of Accounts 2021/22

Report from: Director of Resources and Deputy Chief Executive

Report author/lead contact officer: Adam Paterson
Finance Manager (Financial Cycle Team)

Wards affected:

- All Wards | Bickenhill | Blythe | Castle Bromwich | Chelmsley Wood |
 Dorridge/Hockley Heath | Elmdon | Kingshurst/Fordbridge | Knowle |
 Lyndon | Meriden | Olton | Shirley East | Shirley South |
 Shirley West | Silhill | Smith's Wood | St Alphege
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Public/private report: Public

Exempt by virtue of paragraph: N/A

1. Executive Summary

- 1.1 To ask Members to review the Council's final Statement of Accounts for 2021/22 (see Appendix A).
- 1.2 To ask the committee to consider Grant Thornton's Audit Findings report required by the International Standard on Auditing which summarises the audit work performed so far this year, which is included separately on this agenda.
- 1.3 To ask the committee to review and consider the Management Response to the Improvement Recommendations included in Appendix B.
- 1.4 To note there are some areas that remain outstanding at the date of the report being published. A verbal update will be provided at the meeting on the progress of these.
- 1.5 To ask the committee to review the draft Management Letter of Representation which

is also included separately on this agenda.

2. Decision(s) Recommended

- 2.1 To consider the Council's final 2021/22 Statement of Accounts (see Appendix A).
- 2.2 To consider the Audit Findings Report presented by Grant Thornton and their comments under the Value for Money section, reported elsewhere on this agenda. Feedback will be shared with Governance Committee as part of their role in approving the Final Statement of Accounts.
- 2.3 To consider and comment on the Management Response to the Improvement Recommendations included in Appendix B.
- 2.4 Endorse that delegated approval be sought from Governance Committee for the Director of Resources and Deputy Chief Executive to sign the final 2021/22 Statement of Accounts after Governance Committee owing to the issue reported in paragraph 3.2.
- 2.5 To ask the Committee to review the draft Management Letter of Representation, at Appendix C. Feedback will be shared with Governance Committee as part of their role in approving the Final Statement of Accounts.

Report Title: Final Statement of Accounts 2021/22

3. Matters for Consideration

- 3.1 Under revised Accounting and Audit Regulations, the Council is required to publish a final version of the Statement of Accounts by the end of November. Last year the deadline was 30 September, a deadline that only 9% of authorities achieved with Solihull being one of them. Clearly this was unsatisfactory for the sector as a whole, which, in part, has led to a review and extension of the audit deadlines.
- 3.2 As reported to previous meetings of this Committee, there is a national issue affecting all Local Authorities around the technical accounting for infrastructure assets that will prevent any authority with these assets from having their 2021/22 accounts signed off by the 30 November deadline. The latest information, at the time of writing this report, is that a Statutory Override will be put in place that will agree that the current accounting is satisfactory, however this will not be laid before parliament until 30 November and may not come into effect until 25 December 2022. It is therefore expected that final sign off of the accounts will take place shortly after this date. This is not something within either the Council's or Grant Thornton's control and means that all Local Authorities with material Infrastructure Assets will not achieve the deadline this year.
- 3.3 For areas that are within the control of both the Council and Grant Thornton, significant audit work has taken place since the draft Statement of Accounts was considered by Audit Committee in July, resulting in the audit being substantially complete. A small number of areas remain outstanding as at the date of the publishing of the Audit Findings report (AFR). These are detailed in the AFR report which can be found elsewhere on your agenda. A verbal update will be provided at the meeting.
- 3.4 The Audit Findings Report contains three Improvement Recommendations which may help to provide efficiencies both for the Financial Operations division and for Grant Thornton in their external audit. Those recommendations and the Management Responses are detailed in Appendix B.
- 3.5 The proposed final version of the Statement of Accounts is attached at Appendix A, although this is subject to the finalisation of the audit and therefore some areas may change. Any significant or material changes would be reported back to Audit Committee following sign off of the accounts.
- 3.6 There have been no material or significant changes to the accounts as part of the audit work conducted.
- 3.7 The Audit Committee's role is to review the final Statement of Accounts in conjunction with the AFR and pass any comments on to the Governance Committee for their meeting on 24 November where they will be asked to approve the final Statement of Accounts subject to any changes.
- 3.8 Officers, in conjunction with Grant Thornton, will aim to resolve as many of the outstanding items in the AFR before the Governance Committee meeting. However, due to the item highlighted in paragraph 3.2, it is proposed that approval will be sought

from Governance Committee for delegated approval to be given to the Chair of Governance Committee in conjunction with the Director of Resources and Deputy Chief Executive to sign the accounts at a later date, assuming that any further work does not yield material changes to the accounts compared to those presented in Appendix A.

3.9 A representative from Grant Thornton will be in attendance at this meeting to answer any questions from the Committee. Officers will also be present to explain the changes that have been made to the Statement between the draft and final versions.

4. What options have been considered and what is the evidence telling us about them?

4.1 N/A

5. Reasons for recommending preferred option

5.1 N/A

6. Implications and Considerations

6.1 State how the proposals in this report contribute to the priorities in the [Council Plan](#):

| Priority: | Contribution: |
|---|---|
| <p>People and Communities:</p> <ol style="list-style-type: none"> 1. Improving outcomes for children and young people in Solihull. 2. Good quality, responsive, and dignified care and support for Adults in Solihull when they need it. 3. Take action to improve life chances and health outcomes in our most disadvantaged communities. 4. Enable communities to thrive. | <p>The final Statement of Accounts for 2021/22 is a statutory requirement and as such does not in its own right contribute to the delivery of the Council Priorities. However, it is one of the Council's statutory financial documents and reports the financial outcome of the delivery of the Council's priorities during 2021/22, in compliance with our accounting requirements.</p> |
| <p>Economy:</p> <ol style="list-style-type: none"> 5. Develop and promote the borough's economy, with a focus on revitalising our town and local centres. 6. Maximising the opportunities of UK Central and HS2. 7. Increase the supply of affordable and social housing that is environmentally sustainable. | <p>As above</p> |
| <p>Environment:</p> | <p>As above</p> |

| Priority: | Contribution: |
|--|---------------|
| 8. Enhance our natural environment, improve air quality and reduce net carbon emissions. | |
| 9. Promote employee wellbeing | As above |

6.2 Consultation and Scrutiny:

6.2.1 This report is to Audit Committee which performs the scrutiny function on the final Statement of Accounts and passes any comments on to Governance Committee.

6.3 Financial implications:

6.3.1 These are contained within the final Statement of Accounts for 2021/22.

6.4 Legal implications:

6.4.1 Legal requirements are considered to have been met through the final Statement of Accounts for 2021/22.

6.5 Risk implications, including Risk Appetite:

6.5.1 Risk implications have been considered in respect of the requirements within the final Statement of Accounts for 2021/22.

6.6 Equality implications:

6.6.1 There are no direct equality or diversity implications.

6.7 Linkages to our work with the West Midlands Combined Authority (WMCA), Local Enterprise Partnership or the Birmingham & Solihull Integrated Care System (ICS):

6.7.1 N/A

7. List of appendices referred to

Appendix A – Final Statement of Accounts 2021/22

Appendix B – Management Response to Improvement Recommendations

Appendix C – Draft management letter of representation

8. Background papers used to compile this report

8.1 None

9. List of Other Relevant Documents

9.1 None