



<b>Audit Committee</b>	<b>Wednesday, 10 April 2024</b>	<b>Matter for Information and Decision</b>
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**Report Title:** **Statement Of Accounts and Audit Findings Report (2022/23)**

**Report Author(s):** **Sal Khan (Interim Strategic Director & Section 151 Officer)**

<b>Purpose of Report:</b>	To approve the Statement of Accounts for 2022/23
<b>Report Summary:</b>	<p>The Council's draft Statement of Accounts were approved and uploaded onto the Council website by the then Council Section 151 Officer in November 2023.</p> <p>These have been subject to a detailed audit by the Council's external auditors, Grant Thornton.</p> <p>This report updates the Audit Committee on the outcome of the audit of the Statement of Accounts 2022/23.</p> <p>The Auditor's Audit Findings Report identifies the key findings and other matters arising from the audit and includes recommendations for the Council to implement.</p>
<b>Recommendation(s):</b>	<p><b>That the Committee:</b></p> <p><b>A. Review and approve the Statement of Accounts (Appendix 1) including the Annual Governance Statement (Appendix 2 which was approved July 2023) for the year ended 31 March 2023, subject to any required final changes that may be agreed with the Council's External auditors;</b></p> <p><b>B. Notes the Audit Findings Report (2022/23) (Appendix 3) and approve the recommendations that are outlined;</b></p> <p><b>C. Confirms, in order to comply with the Council's statutory obligations, that the Statement of Accounts and Annual Governance Statement for the year ended 31 March 2023 can be published and the Section 151 Officer be authorised, following consultation with the Chair of the Audit Committee to make any required final changes to the accounts that may be agreed with the Council's External Auditors; and</b></p> <p><b>D. Approve the Letter of Representation (Appendix 4).</b></p>
<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	<p>Sal Khan (Interim Strategic Director &amp; Section 151 Officer) (0116) 257 2690 <a href="mailto:sal.khan@oadby-wigston.gov.uk">sal.khan@oadby-wigston.gov.uk</a></p> <p>Deborah Proctor (Interim Finance Manager) (0116) 257 2823 <a href="mailto:deborah.proctor@oadby-wigston.gov.uk">deborah.proctor@oadby-wigston.gov.uk</a></p> <p>Simon Ball (Senior Finance Business Partner) (0116) 257 2624 <a href="mailto:simon.ball@oadby-wigston.gov.uk">simon.ball@oadby-wigston.gov.uk</a></p>
<b>Strategic Objectives:</b>	<p>Our Council (SO1)</p> <p>Our Communities (SO2)</p>

<b>Vision and Values:</b>	"Our Borough - The Place To Be" (Vision) Customer & Community Focused (V1) Proud of Everything We Do (V2) Collaborative & Creative (V3) Resourceful & Resilient (V4)
<b>Report Implications:-</b>	
Legal:	There are no implications directly arising from this report.
Financial:	Click to select or insert narrative.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6) Organisational / Transformational Change (CR8)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable
Human Rights:	There are no implications directly arising from this report.
Health and Safety:	There are no implications directly arising from this report.
<b>Statutory Officers' Comments:-</b>	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
<b>Consultees:</b>	None.
<b>Background Papers:</b>	<a href="#">Unaudited Draft Statement of Accounts</a>
<b>Appendices:</b>	<ol style="list-style-type: none"> <li>1. Audited Financial Report</li> <li>2. Annual Governance Statement 2022/23</li> <li>3. Audit Findings Report 2022/23 Audit Committee Final April 2024</li> <li>4. Letter of Representation - Oadby &amp; Wigston to Grant Thornton</li> </ol>

## 1. Introduction and Background

- 1.1 The publication of the Statement of Accounts is governed by requirements of the Accounts and Audit (England) Regulations 2015. These require the Statement of Accounts to be certified by the Council's Section 151 Officer as presenting a true and fair view of the financial position of the Council by 31 May each year.
- 1.2 However, due to the Covid-19 Pandemic and the backlog of actual audits being started and completed, significant extensions have been allowed. The Government has recently consulted on timescales and is working to a deadline of 30 September 2024 to have all accounts for 2022-23 and previous years signed off.
- 1.3 The Council's unaudited Statement of Accounts were published on the OWBC website on 7 November 2023 and made available for the external audit. The audited Statement of Accounts is provided at **Appendix 1**, which includes the adjustments made following the

audit. The already approved Annual Governance Statement is provided at **Appendix 2**. These are detailed in the Audit Findings Report, provided as **Appendix 3**. Finally, the draft Letter of Representation is provided at **Appendix 4**.

## **2. The Statement of Accounts**

2.1 The audited Statement of Accounts is provided at Appendix 1. As per the normal Council format, the salient points are detailed within the Narrative Report (p3 – p31) of the Statement of Accounts and are summarised below.

2.2 **General Fund (p16):** The outturn position is a £672K overspend, with the main causes attributable to pay inflation from implementing the national pay awards, the misclassification of NNDR paid in previous years and a reduced management fee from the Leisure Centre Operator.

2.3 **Reserves and Balances (p20):** The General Fund Reserve opening balance was £1.299m. In 2022/23 the account had a budget deficit of £119k after appropriations from earmarked reserves, leaving General Fund Reserve balance of £1.180m on 31 March 2023.

The Housing Revenue Account opening balance on its main reserve was £1.155m. In 2022/23 the account had a budget surplus of £264k after appropriations from earmarked reserves, leaving an estimated HRA Reserve balance of £1.419m at 31 March 2023.

2.4 **Pension Liabilities (p20):** The Council owes £6.383m across future years offset by the value of assets invested in the pension fund. The Council contributed £1.65m to the scheme in 2022/23 and recognised a total charge of £3.0m for the year. However, there was a remeasurement of £16.8m due to changes in financial assumptions which resulted in a total actuarial gain for the year of £15.5m.

2.5 **Provisions (p21):** The Council has set aside a provision of £157K for business rate appeals against rateable valuations. Business ratepayers who have appealed against their assessment are still required to pay the rates demanded, but should their appeal be successful then any sums overpaid will be refunded.

2.6 **Borrowing (p21):** On 31 March 2023 the Council had a total external borrowing of £18.063m of long-term borrowing. This relates to loans from the Public Loans and Works Board (PWLB), which were either taken out in 2012 to fund HRA self-financing (£13.082m), or in 2016, to fund the leisure Centre project (£4.480m), with the remainder being general fund borrowing (£500k). Additionally, there is another £16.006m of short-term borrowing, both for cash flow purposes, and in lieu of long-term debt. All our borrowing was within our Prudential Code limit of £48m for the year.

2.7 **Cash-Flow (p21):** This shows a decrease of £9.437m in cash and cash equivalents from the previous year. This may be attributed to the repayment of various COVID- related grants unspent from the previous year, and the use of the £150 Council tax rebate grant received in 2021/22 to offer relief in 2022/23. Interest payable was similar to 2021/22, due to locking in most of the year's borrowing terms before the increase in interest rates, but interest receivable increased in line with rising interest rates.

2.8 **Financial Position (p21):** We have maintained a strong financial position despite the financial challenges we face, with net assets increasing by £21.08m between 2021/22 and 2022/23. We are continuing to monitor the reserves regularly including the last MTFS and looking for other income streams and continuing to find savings.

2.9 **Capital (p22):** The 2022/23 Capital Programme was set at Full Council February 2022 and amended in July 2022. (Table 3 P22 provides a summary of the programme). Key features of the £6M programme included the undertaking of Decent Homes standard related works

for Council homes and the development of the new Council offices.

- 2.10 **Basis of Preparation (p29):** When assessing what to include in these financial statements, the principle of materiality has been applied. This ensures that the core issues considered to have an impact on the Council's strategies, governance, performance and aspirations in respect of matters such as the services it provides and the wellbeing of its local community, are presented. This includes matters that are ordinarily outside of the scope of financial reporting, but which are deemed to have a significant effect on the authority's ability to meet its objectives. Where information in this report is based on other information published by the Council, it is prepared on that same basis, and is reconcilable and referenced to that published information.
  - 2.11 **Statement of Responsibilities (p30):** This outlines the responsibilities of the Council and the Section 151 Officer in preparing the accounts as well as Members in approving the accounts.
  - 2.12 **Annual Governance Statement 2022/23:** This is detailed at **Appendix 2** to this report and provided for information and was originally approved at July 2023 Audit Committee. Progress against the actions has been made and these will be reported at the July 2024 Audit Committee.
- 3. Audit Findings Report:**
- 3.1 This is detailed at **Appendix 3** and will be presented by Grant Thornton LLC. The report outlines the key findings and other matters relating to the statutory audit of the Council and the preparation of the Council's financial statements for the year ending 31 March 2023 for those charged with governance.
  - 3.2 Grant Thornton will take the Committee Members through several key items relating to the audit in detail. This will include key headlines, the audit approach, the financial statements significant risks, any new issues and risks, key judgements and estimates as well as their assessments.
- 4. Letter of Representation:**
- 4.1 The Draft Letter of Representation is detailed at **Appendix 4**. The Audit committee is asked to approve the letter of representation, which is a standard but formal record of the representations made by the Council to our external auditors.