

	Audit & Standards Advisory Committee 6 June 2023
	Report from the Corporate Director of Finance & Resources
Statement of Accounts 2022/23 Update	

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	None
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Minesh Patel Corporate Director of Finance & Resources Minesh.Patel@brent.gov.uk 020 8937 4043 Rav Jassar Deputy Director of Finance Ravinder.Jassar@brent.gov.uk 020 8937 1487

1.0 Purpose of the Report

1.1 This report provides an update on the progress of the Statement of Accounts for 2022/23.

2.0 Recommendation(s)

2.1 That the Committee notes the delay to the publication of the draft accounts for 2022/23.

3.0 Detail

3.1. In February 2023, the Department for Levelling Up, Housing and Communities (DLUHC) consulted on bringing forward the deadline for the publication of local authority accounts from 31st July to 31st May. The Local Government Association responded to state that the 31st May was too soon given the current crisis in auditing local authorities' accounts. Despite objections from the Local Government Association and others, DLUHC decided to go ahead with the 31st May deadline for the 2022/23 Accounts.

3.2. On the 24th May, CIPFA's CEO, Rob Whiteman, issued the following statement:

“Statutory provisions for reporting require the effective publication of unaudited financial statements by 31 May 2023. As a professional accounting institute, CIPFA will always recognise the statutory nature of the deadline.

However, some senior leaders in local government finance have told us the 31 May deadline will not be achievable without considerable risk to their organisations and their professional standing.

Many are concerned about the wellbeing of teams who have worked hard to deal with a difficult budget setting process and are now facing the challenge of producing accounts against the backdrop of significant and continuing audit delays. These delays present chief financial officers with gaps in the assurance processes which make exercising professional judgement about a true and fair position more difficult.

CIPFA recognises the significant challenges CFOs and their finance teams are facing and we would encourage senior leaders to take a considered and transparent approach. Sensible steps would be to ensure conversations have taken place with key stakeholders such as senior members, the chair of audit committee (or equivalent), the chief executive and monitoring officer and any other interested parties. Clarity about the reasons for any decisions about publication of the unaudited financial statements will allow members and others to monitor the situation, maintaining appropriate transparency and accountability over the process.

It is important that all those involved understand the reality that a balance is struck between the timeliness and the quality of unaudited financial statements produced in the coming weeks.”

3.3. Reflecting upon the council's readiness to publish a draft a set of accounts by 31st May, the council is not ready to publish a set of accounts of appropriate quality by 31st May and to assure the committee that this is a true and fair view of the council's finances. This is in part due to the challenges created by the delayed completion of the 2021/22 audit: staff have been focused on finalising the audit and the 2021/22 accounts for much of 2022/23, and this has meant that it is not possible to meet the brought forward deadline.

3.4 At the time of writing, it is expected that the draft accounts will be published by 30th June 2023.

Inspection period

3.5 Local electors have the right to inspect the draft accounts when they are published. As accountability to the local electorate is an important part of the governance of the Council, notice of the inspection period will be advertised on the Council's website in advance of the unaudited financial statements being published. As a result of the delay, a notification has been posted on the Council's website to explain the situation.

4.0 Financial Implications

4.1 No specific implications.

5.0 Legal Implications

5.1 The Accounts and Audit Regulations 2015 as amended by the The Accounts and Audit (Amendment) Regulations 2022 require the accounts to be published by 31st May, and inspection of the accounts to commence in the first 10 days of June, or the council to publish a notice to explain the delay. This notice has been published on the council's website.

6.0 Equality Implications

6.1 No specific implications.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable.

8.0 Human Resources

8.1 Not applicable.

Report sign off:

Minesh Patel

Corporate Director of Finance &
Resources