

Report to:	AUDIT PANEL
Date:	1 February 2024
Executive Member/ Reporting Officer:	Cllr Jacqueline North – First Deputy (Finance, Resources & Transformation) Ashley Hughes – Director of Resources
Subject:	STATEMENT OF ACCOUNTS 2021/22
Report Summary:	This report presents the Statement of Accounts for Tameside MBC and the Greater Manchester Pension Fund for the year ended 31 March 2022 following completion of the External Audit.
Recommendations:	Audit Panel are asked to: <ol style="list-style-type: none"> 1. Note the findings of external audit reported in the previous agenda item and summarised in section 3 below; 2. Approve the Statement of Accounts for 2021/22, subject to the conclusion of the external audit, noting the ongoing work on Value for Money; and 3. Approve delegated authority to the Director of Resources to agree any further presentational amendments to the financial statements arising from the conclusion of the external audit. In the unlikely event of any substantive amendments to the primary statements, these will be discussed with the Chair of Audit Panel prior to the signing and publication of the final audited Statement of Accounts.
Corporate Plan:	The Corporate Plan helps to determine the priorities for spending, which is summarised in the 2021/22 accounts.
Policy Implications:	There are no direct policy implications flowing from the Statement of Accounts.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	The Statement of Accounts 2021/22 provide full details of the Council's financial position at 31 March 2022 and its income and expenditure for the year there ended. The accounts are prepared in accordance with the CIPFA Code of Practice for Local Authority Accounting which is based on International Financial Reporting Standards.
Legal Implications: (Authorised by the Borough Solicitor)	The <u>Local Audit and Accountability Act 2014</u> (the Act) governs the work of auditors appointed to authorities and other local public bodies. The Act, the <u>Accounts and Audit Regulations 2015</u> and the <u>Local Audit (Public Access to Documents) Act 2017</u> also cover the duties, responsibilities and rights of local authorities, other organisations and the public concerning the accounts being audited. Non compliance with these provisions could lead to the issue of an advisory notice by the External Auditor, with the ultimate sanction of judicial review, as only a court can ultimately decide whether a local authority's decision, or failure to decide something it should have, is unlawful.
Risk Management:	The audit provides external verification of the Council's financial statements. By producing the annual Statement of Accounts, the Council aims to give all interested parties confidence that the public money that

has been received and spent, has been properly accounted for and that the financial standing of the Council is secure.

Access to Information:

The report is to be considered in public.

Background Information:

The background papers relating to this report can be inspected by contacting Stuart Munro, Senior Finance Manager



Telephone: 0161 342 4257



e-mail: stuart.munro@tameside.gov.uk

1. BACKGROUND

- 1.1 It is necessary to consider the Audit Completion report of the Council's external auditor (Mazars) regarding the Statement of Accounts before approving the audited accounts. The Audit Completion report for the Council *has been considered earlier on this agenda* and the adjustments highlighted as part of the audit have been included in the report.

2. INTRODUCTION

- 2.1 The Statement of Accounts 2021/22 provide full details of the Council's financial position at 31 March 2022 and its income and expenditure for the year there ended. The accounts are prepared in accordance with the CIPFA Code of Practice for Local Authority Accounting, which is based on International Financial Reporting Standards. The full financial statements, including the statements for the GMPF, are included in **Appendix 1**.
- 2.2 The current legislation enables the draft Statement of Accounts to be certified by the Director of Finance (Section 151 Officer) and this was completed in August 2022. External Audit initially commenced their work in January 2023 however completion of the audit was delayed. The audit of the 2021/22 Statement of accounts re-commenced in November 2023.

3. MISSTATEMENTS IN THE DRAFT FINANCIAL STATEMENTS

- 3.1 Since the publication of the draft accounts in August 2022, a number of misstatements have been identified in the financial statements. Details of the misstatements and the impact on the different elements of the financial statements are reflected in the Audit Completion Report that has been considered earlier on this agenda. The main misstatements are summarised below.

Unadjusted misstatements Surplus Assets

- 3.2 Two assets with a combined value of £2.420m were identified as having been misclassified as operational rather than surplus. This is purely a classification error and both categories fall under Property, Plant, and Equipment on the Balance Sheet.

Infrastructure Assets

- 3.3 Following a national technical issue on accounting for infrastructure in 2022, the Council applied the statutory override issued by DHLUC and the associated CIPFA guidance. As a result of this it was identified that depreciation for infrastructure assets in 2020/21 was understated by £2.560m, meaning that the 2021/22 opening balance for infrastructure assets is therefore overstated by the same amount. The depreciation charge in year for infrastructure in 2021/22 is correct.

Other service expenditure

- 3.4 External audit sample tested other service expenditure and identified a number of errors in the sample mainly relating to the year the expenditure was accounted in. External audit have estimated the value of the misstatement by taking the value of the errors and extrapolating over the remaining untested population, this calculation estimated an error of £6.1m.

Other service income

- 3.5 External audit sample tested other service income and identified a number of errors in the sample mainly relating to the year the income was accounted in. External audit have estimated the value of the misstatement by taking the value of the errors and extrapolating over the remaining untested population, this calculation estimated an error of £4.1m.

Adjusted misstatements

Valuation of Shareholding in Manchester Airport Group (MAG)

- 3.6 The MAG Valuation adjustment in 2020/21 Statement of Accounts of £14.300m impacted the 2021/22 opening and closing balances. In addition there is an in-year adjustment of £0.500m. Both adjustments were due to an amended valuation of the airport shareholding.

Asset Valuations

- 3.7 The first draft of the accounts was provided before the completion of the annual revaluation exercise on the Council's fixed assets. The accounts were later changed following these valuations, increasing the value of Land and Buildings on the balance sheet by £8.457m.

Indexation adjustment to asset values

- 3.8 For fixed assets not revalued in year, an exercise was undertaken to apply an appropriate indexation factor in order to ensure the values were not materially misstated. The indexation exercise increased the value of Land and Buildings by £13.535m.

NNDR income

- 3.9 NNDR income of £2.845m had been incorrectly double counted in the draft accounts. This has reduced usable reserves.

Pension liability

- 3.10 Updated pension liability estimate following the 31 March 2022 triennial valuation.

Tameside One and Church Schools

- 3.11 The accounts were amended to reflect a revised valuation of Tameside One using an amended methodology, which increased the carrying value of the asset by £1.075m

Church Schools

- 3.12 The valuations for a number of church schools incorrectly included built up land. The Council only owns the surrounding playing fields for these schools, so the values of these schools were reduced by a combined £1.375m

- 3.13 A number of other presentational amendments have been made to the Statement of Accounts to improve or enhance the presentation and disclosure of financial information, or to ensure better compliance with the disclosure requirements of the CIPFA Code of Practice. No issues have been identified, which cast fundamental doubt on the overall adequacy of the financial records and the accounts maintained by the Council. The presentational adjustments recommended by external audit have also helped to improve the overall quality of the accounts and have not impacted on the financial position reported.

4. APPROVAL OF THE AUDITED STATEMENTS

- 4.1 The external audit of the Statement of Accounts is substantially complete but subject to final review, conclusion of the Value for Money assessment and completion procedures by External Audit. The Audit Panel is asked to approve the Statement of Accounts attached at appendix 1, which includes the amendments agreed with external audit.
- 4.2 The Audit Panel is also asked to approve delegated authority to the Director of Resources to make any further disclosure amendments recommended by External Audit as part of the conclusion of their audit. In the unlikely event of any substantive amendments to the primary statements, these will be discussed with the Chair of Audit Panel prior to the signing and publication of the final audited Statement of Accounts.

5. RECOMMENDATIONS

- 5.1 As set out at the front of the report.