

**BIRMINGHAM CITY COUNCIL****PUBLIC REPORT**

<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Report of:</b>	<b>Director of Council Management</b>
<b>Date of Decision:</b>	<b>28 September 2022</b>
<b>Subject:</b>	<b>STATEMENT OF ACCOUNTS 2021/22 PROCESS AND TIMINGS BRIEFING</b>
<b>Wards affected: All</b>	
<b>1 Purpose</b>	
1.1	To brief the Committee on the legislative requirements for the approval and publication of the draft and audited Statement of Accounts 2021/22 and the process that Birmingham City Council will follow to support the Committee in considering and subsequently approving the audited Statement of Accounts 2021/22.
1.2	The statutory requirements for local authority accounting are set out in the Local Audit and Accountability Act 2014, supported by the Accounts and Audit Regulations 2015 (SI 2015 No 234) or 'the 2015 Regulations'.
1.3	As a result of the Covid pandemic the Accounts and Audit (Amendment) Regulations 2021 (SI 2021 No 263) have amended the 2015 Regulations for the 2020/21 and 2021/22 financial year, deferring publication dates and making other consequential changes.
1.4	The regulations determine the format, content, and timings of the Statement of Accounts.
<b>2 Decisions recommended:</b>	
	Members are recommended to:
2.1	Note the legislative requirements and proposed review, publication, and approvals timetable for both the draft and audited Statement of Accounts.
2.2	Note the proposed briefings offered to the Committee.

**Contact Officer:** Rebecca Hellard  
**Telephone No:** 0121 303 2950  
**E-mail address:** [rebecca.hellard@birmingham.gov.uk](mailto:rebecca.hellard@birmingham.gov.uk)

**Contact Officer:** Mohammed Sajid  
**Telephone No:** 0121 303 3313  
**E-mail address:** [mohammed.sajid@birmingham.gov.uk](mailto:mohammed.sajid@birmingham.gov.uk)

### **3 Compliance Issues:**

- 3.1 Are Decisions consistent with relevant Council Policies, Plans or Strategies?  
The publication of the Statement of Accounts is a legislative and statutory requirement.
- 3.2 Relevant Ward and other Members/Officers etc. consulted on this matter:  
The Chair of the Committee has been consulted.
- 3.3 Relevant legal powers, personnel, equalities and other relevant implications (if any):  
The statutory requirements for local authority accounting are set out in the Local Audit and Accountability Act 2014, supported by the Accounts and Audit Regulations 2015 (SI 2015 No 234, amended by SI 2021 No 263) or 'the 2015 Regulations'.
- 3.4 Will decisions be carried out within existing finances and resources?  
Yes
- 3.5 Main Risk Management and Equality Impact Assessment Issues (if any):  
None.

### **4 The format, contents, and accounting policies of the Statement of Accounts**

- 4.1 Regulation 7(1) of the 2015 Regulations requires the statement of accounts to be prepared in accordance with "proper practices in relation to accounts". The relevant proper practices are defined in section 21 of the Local Government Act 2003, where their role is primarily to determine what gets charged to revenue accounts in any year. The practices are:
- those which an authority is required to follow by virtue of any enactment; and
  - those contained in a code of practice or other document identified for the purpose by regulations.

Regulation 31 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003 No 3146, as amended) gives proper practice status to:

- the Code of Practice on Local Authority Accounting in the UK (Accounting Code); and
  - the Service Reporting Code of Practice for Local Authorities. (SeRCOP)
- 4.2 As a result it is mandatory to follow the Accounting Code for the preparation of the statement of accounts unless it is overridden by statute.

An example of this would be that the Accounting Code specifies that the Comprehensive Income and Expenditure Statement (CIES) is prepared using full accruals for estimated pensions liabilities under IAS19, but the 2003 Capital Finance Regulations require the charge against the General Fund to be based on contributions payable for the year to pension funds.

- 4.3 Consequently, the CIES will contain items such as depreciation and the full actuarial cost of pension liabilities. However, when determining the charge against Council tax or General fund these are replaced by actual debt repayments made in the year and the annual payments made to the pension fund respectively.
- 4.4 Accounting Statements Regulation 7(2) requires that the statement of accounts shall include (where relevant to the authority's functions):
- housing revenue account;
  - collection fund;
  - firefighters' pension fund;
  - any other statements relating to any other fund that the authority is required by statute to keep in a separate account.
- 4.6 The Accounting Code also mentions the disclosures of information required in support of the main statement and other additional information.
- 4.7 Note 1 to the accounts details the Council's accounting policies used in the preparation of the Accounts. Audit Committee approved these at its meeting in March 2022

To help Members better understand the statement of accounts, individual and group briefings are being offered during the Summer and early Autumn. The Audit Committee will have an opportunity to consider and discuss the Statement of Accounts at this meeting too and subsequent meetings whilst the external audit progresses.

## **5 Timings, confirmations, and approvals**

- 5.1 The timing requirements for confirming and approving the Statement of Accounts and for publishing it are contained in regulations 9 and 10 of the 2015 Act (as amended).

### **Confirmation by the Responsible Financial Officer**

- 5.2 Regulation 9(1) requires the Responsible Financial Officer (RFO), which at Birmingham is the Director of Council Management, to confirm the draft Statement of Accounts by signing and dating the Statement of Accounts and confirming that the Statement presents a true and fair view of the financial position of the Council at the end of the financial year and its income and expenditure for the financial year.

- 5.3 This confirmation has to be signed off before the draft Statement of Accounts is made available for public inspection – regulation 15(1) requires the latest date for which in 2021/22 to be 1 August for 2022.
- 5.4 This year Birmingham's draft Statement of Accounts were signed off by the RFO on 28 July 2022, In line with the statutory deadline. The Public inspection period and audit then started on 1 August 2022.

#### Public Inspection

- 5.5 Regulation 9(1)(b) requires the RFO, after signing, dating, and confirming the unaudited Statement of Accounts, to commence the period for the exercise of public rights.
- 5.6 Regulation 14(1) specifies that the inspection period must comprise a single period of 30 working days.
- 5.7 Regulation 15 requires the Council to publish the unaudited confirmed Statement of Accounts (which must at least include publication on the authority's website) (15(2)(a)).

The unaudited Statement must be accompanied by:

- a declaration (signed by the RFO) that the Statement of Accounts is unaudited and may be subject to change (15(2)(a)(i))
  - the Annual Governance Statement (15(2)(a)(ii))
  - the Narrative Statement (15(2)(a)(iii))
- 5.8 Regulation 9(1)(c) requires the RFO to notify the auditor when the public inspection period has commenced.

#### Audit

- 5.9 The Statement of Accounts was passed to the external auditors, Grant Thornton, after being confirmed by the RFO on the 29th of July 2022. However, the Council has already started providing some working papers to the auditors during July 2022 to help facilitate a swifter audit.
- 5.10 Once the audit is complete the audited Statement of Accounts will need to reconfirm by the RFO (regulation 9(3)), approved by Members and published.

#### Approval by Members

- 5.11 Regulation 9(2) requires Members to approve the audited Statement of Accounts that is to be published, either by meeting as a whole or through a committee. At Birmingham City Council this is the Audit Committee. Specifically, members have a duty to:

- consider the Statement of Accounts;
- approve the Statement by a resolution; and
- ensure that the Statement is signed and dated by a person presiding at the meeting

- 5.12 Audit Committee will have an opportunity to consider the Statement of Accounts over the Summer and Autumn through one to one or group briefings as well as formally consider at this meeting.
- 5.13 The Committee should be able to approve the Statement of Accounts at a subsequent meeting when the external audit is completed. The Committee will also be able to consider any changes that have been made to the draft Statement of Accounts.
- 5.14 The amended statutory target for the completion of the audited Statement of Accounts is 30 November 2022.
- 5.15 Regulation 6(4) requires that members approve the Annual Governance Statement at some time before they approve the Statement of Accounts.
- 5.16 Under regulation 9(3) the RFO must re-confirm their view that the Statement of Accounts presents a true and fair view before it is given member approval.

## **6     Post Audit**

- 6.1     After Members have approved the Statement of Accounts, regulation 10 sets out the requirements for publication, which requires publication of the Statement of Accounts together with any certificate or opinion entered by the local auditor
- 6.2     Regulation 10(1) requires publication to take place by 30 September. If the audit opinion has not been given by the relevant date, regulation 10(2) requires that a notice be published as soon as reasonably practicable stating that the Statement of Accounts has not been issued, giving reasons why publication has not been possible. The Statement of Accounts must then be published as soon as reasonably practicable after the receipt of the report of the auditor's final findings (which can be a report issued before the conclusion of the audit)
- 6.3     Regulation 10(3) requires that Statement of Accounts, Annual Governance Statement and Narrative Statement remain available for public access for at least five years after the date of publication
- 6.4     Regulation 16(1) requires publishing a statement as soon as reasonably practicable after the conclusion of the audit to confirm matters such as the audit has concluded and the right of electors to inspect and make copies of the Statement of Accounts, auditor's certificate of completion and auditor's opinion.

**Signature:**



**Rebecca Hellard, Director of Council Management**