



Audit and Standards Committee Report

Report of:	Philip Gregory Director of Finance and Commercial Services, Local Authority Section 151 Officer
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Date:	21 September 2023
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Subject:	2021/22 Statement of Accounts - 2021/22 Sheffield City Council Audit Results Report
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Author of Report:	Clair Sharratt and Ruth Matheson Senior Finance Manager and Finance Manager Finance and Commercial Services
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Summary:	The purpose of the report is to communicate any relevant matters arising from the external audit of the 2021/22 Statement of Accounts to Members.
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Recommendations:	The Audit and Standards Committee notes the 2021/22 Sheffield City Council Audit Results Report. The Audit and Standards Committee; <ol style="list-style-type: none">1. Approves the Statement of Accounts for 2021/22 as set out in Appendix B, subject to the finalisation of the audit requiring no further changes.2. Notes in accordance with The Accounts and Audit Regulations 2015, the Chair of the Audit and Standards Committee will sign the Statement of Accounts for 2021/22 on conclusion of the audit by Ernst & Young LLP (EY).3. Notes the Letter of Management Representations to be submitted to the External Auditor is on the basis set out in EY's Audit Results report and this will be signed by the Director of Finance and Commercial Services and the Chair of Audit and Standards Committee.
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Background Papers:	None
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Category of Report:	OPEN

Statutory and Council Policy Checklist

Financial Implications
NO
Legal Implications
David Hollis
Equality of Opportunity Implications
NO
Tackling Health Inequalities Implications
NO
Human Rights Implications
NO
Environmental and Sustainability implications
NO
Economic Impact
NO
Community Safety Implications
NO
Human Resources Implications
NO
Property Implications
NO
Area(s) Affected
None
Is the item a matter which is reserved for approval by the City Council?
NO
Press Release
NO

AUDIT AND STANDARDS COMMITTEE – 21 SEPTEMBER 2023

2021/22 STATEMENT OF ACCOUNTS

EXTERNAL AUDITOR'S 2021/22 AUDIT RESULTS REPORT

Purpose of this Report

1. The purpose of the following report is to update the Committee since the previous report of 9th March 2023 and communicate any relevant matters arising from the external audit of the 2021/22 Statement of Accounts. In acknowledging these findings request that approval is given to allow the auditors to conclude the audit by signing the Letter of Management Representations and the Statement of Accounts following the conclusion of the audit.

Introduction and Background

2. The Council's 2021/22 Unaudited Statement of Accounts were authorised by the Director of Finance and Commercial Services (Section 151 Officer) on the 15 July 2022.
3. The accounts have been subject to external audit by Ernst & Young LLP (EY). Audit deadlines were extended and have been delayed. During the external audit process the Audit and Standards Committee have been kept up to date, and the external auditor's progress has been received and shared with the Committee throughout the audit.
4. The Council's 2021/22 audited Statement of Accounts were approved by the Audit and Standards Committee on 9 March 2023, however, EY's audit was not concluded before the revaluation of the South Yorkshire Pension Fund (31 March 2023); as the audit was still open and due to the materiality of the triennial revaluation, we were required to reopen the accounts and adjust for the pension related items. The impact on the Statement of Accounts of these pension changes and a number of minor changes that have been made whilst the accounts were still open, is extracted and summarised in **Appendix A**.
5. The pension adjustments have been subject to audit by EY, which is now almost complete, and the Audit and Standards Committee are asked to note the findings from the separate EY Audit Results Report.
6. The full revised, audited Statement of Accounts is attached at **Appendix B** to this report for completeness. The Director of Finance and Commercial Services has re-confirmed on behalf of the authority that they are satisfied that the statement of accounts at Appendix B presents a true and fair view of the financial position of the authority at the end of the financial year to which it relates, and the authority's income and expenditure for that financial year. We request the revised Statement

of Accounts is approved by the Audit and Standards Committee at this meeting. This is on the basis that no emerging material or major issues arise that require any further amendments to the Accounts. The Chair of the Audit and Standards Committee will sign the accounts once EY have given notification that all outstanding queries have been resolved and their final reviews are complete.

Findings from the External Audit of the 2021/22 Statement of Accounts

7. External auditors are required to undertake their work in accordance with International Auditing Standards. Specifically, they are required to communicate any relevant matters relating to the audit to those charged with governance.
8. The updated findings from the external audit are set out in detail in EY's 2021/22 Audit Results Report, which is a separate report, and Members are asked to note the contents. The changes since the last version presented to the Committee in March have been highlighted by the auditors.
9. The Section 151 officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices, and he will certify that they give a true and fair view (i.e. that the financial statements present a true and fair view of the financial position of Sheffield City Council as at 31 March 2022 and its income and expenditure for the year). We understand that the auditors intend to issue an unqualified audit opinion on the accounts.
10. To complete their audit and satisfy their auditing standards, the auditors are requesting written management representation from those charged with governance. Appropriate enquiries have been made with responsible officers within the Authority to confirm the representations included. Therefore, a letter of management representations in the format prescribed by the external auditors (included in the Audit Results report) is to be signed by the Chair of the Audit and Standards Committee on conclusion of the audit.
11. The auditors are also required to ask those charged with governance to confirm that there are no material uncertainties that cast significant doubt about the ability of the Council to continue as a going concern. Appropriate enquiries have been made within the Council and for other parties in which the Council has an interest and no material uncertainties have been identified.

Publication of the 2021/22 Statement of Accounts

12. As part of their work to complete the audit, the auditors issue an opinion on the Statement of Accounts and a Certificate of Completion of the Audit. It is intended that an unqualified opinion will be given on the Statement of Accounts and a certificate issued to close the audit. However, alongside their work on our

financial statements EY are also required to review and report to the National Audit Office (NAO) on our Whole of Government Accounts (WGA) return. EY will not be able to release their certificate to close the audit until it has been confirmed that the NAO do not wish to sample Sheffield City Council's WGA return for additional procedures. In addition, external auditors are required to provide a Value for Money (VFM) commentary, normally within three months of completing their audit, before the certificate can be issued.

13. The 2021/22 Statement of Accounts will be published on the Council's website once the accounts are signed. Then when the Certificate of Completion is received a Notice of Conclusion statement will be published to inform that the audit has been concluded and the accounts have been published.

Financial Implications

14. There are no financial implications arising from the recommendations set out in this report.

Equal Opportunities Implications

15. There are no equal opportunities implications arising from the recommendations set out in this report.

Property Implications

16. There are no property implications arising from the recommendations set out in this report.

Legal Implications

17. The Accounts and Audit Regulations 2015 provide that following the period for public objection, inspection or questioning of the auditor the Council must, in the following order -
 - (a) consider, either by way of a committee or by the members meeting as a whole, the statement of accounts;
 - (b) approve the statement of accounts by a resolution of that committee or meeting;
 - (c) ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which that approval is given.

The Committee can only pass the resolution once the responsible financial officer has re-confirmed on behalf of the authority that they are satisfied that the statement of accounts presents a true and fair view of -

- (a) the financial position of the authority at the end of the financial year to which it relates; and

(b) that authority's income and expenditure for that financial year.

Recommendations

18. The Audit and Standards Committee is asked to note the 2021/22 Sheffield City Council Audit Results Report.

19. It is recommended the Audit and Standards Committee:

(a) Approves the Statement of Accounts for 2021/22 as set out in Appendix B, subject to the finalisation of the audit requiring no further changes.

(b) Notes in accordance with The Accounts and Audit Regulations 2015, the Chair of the Audit and Standards Committee will sign the Statement of Accounts for 2021/22 on conclusion of the audit by Ernst & Young LLP (EY).

(c) Notes the Letter of Management Representations to be submitted to the External Auditor is on the basis set out in EY's Audit Results report and this will be signed by the Director of Finance and Commercial Services and the Chair of Audit and Standards Committee

Clair Sharratt and Ruth Matheson
Finance and Commercial Services
21 September 2023