

**Audit, Risk and Governance Committee**  
Meeting to be held on Monday, 30 January 2023

Electoral Division affected:  
(All Divisions);

**The Council's Statement of Accounts for 2021/22 and Accounting Policies for 2022/23**

(Appendices 'A' – 'D' refer)

Contact for further information:

Khadija Saeed, Head of Corporate Finance, Tel: 01772 533073,  
khadija.saeed@lancashire.gov.uk

**Brief Summary**

At its meeting held 25 July 2022, the Audit, Risk and Governance Committee approved the council's statement of accounts for 2021/22. At that time, the external audit of the accounts had not yet been concluded. The external audit is now complete and the council's statement of accounts for 2021/22, with any relevant amendments, is provided at Appendix A.

In order to enable the conclusion of the audit, as required by the auditor, the committee must provide written representations from those charged with governance and management of the council on matters material to the financial statements where other appropriate audit evidence cannot reasonably be expected to exist. The council's management representation letter is attached at Appendix B and the pension fund management representation letter is attached at Appendix C.

For the 2022/23 financial year, the committee is asked to review the accounting policies to be used in preparing the council's 2022/23 statement of accounts and these are set out at Appendix D.

**Recommendation**

The Audit, Risk and Governance Committee is asked to:

- (i) **Approve** the council's statement of accounts for 2021/22, as set out at Appendix A;
- (ii) **Agree** for the management representation letters at Appendices B and C to be signed by the Chief Financial Officer and the Chair of the Audit, Risk and Governance Committee, prior to them being made available to the external auditor; and
- (iii) **Approve** the accounting policies for 2022/23, as set out at Appendix D.

## Detail

### External Audit of the Council's Statement of Accounts 2021/22

At its meeting held 25 July 2022, the Audit, Risk and Governance Committee approved the council's statement of accounts for 2021/22. At that time, the council's external audit of the accounts had not yet been concluded.

The delay in receiving the audit report beyond the statutory deadline was mainly due to a national issue in respect of accounting for infrastructure assets.

The statutory deadline for publishing the audited accounts was 30 November 2022. In line with the requirements of the Accounts and Audit Regulations 2015, the council published a notice on its website stating that the audited accounts would be published as soon as reasonably practicable after the receipt of the report from the auditor which contains the auditor's findings from their audit.

The external audit is now complete, and the council's final accounts are provided at Appendix A. Alongside some minor wording changes, the following amendments have been made to the accounts since the last review by the committee.

#### Infrastructure Assets

An accounting issue affecting all councils with highways responsibilities was raised by auditors in early 2022. This related to how the impairment of road surfaces was accounted for. The Department of Levelling Up, Housing and Communities (DLUHC) issued an amendment to the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 to change reporting requirements on infrastructure assets, which clarified the accounting approach that should be taken. This came into force with effect from 25 December 2022. The council has amended its presentation in the accounts to reflect the new guidance, however this has not changed the previously reported financial position (page 67).

#### Property Valuations

The council values its property assets at 1 April in line with its approach in previous years. As a result of recent market volatility, the valuation of the council's land and buildings has increased in value from the point of valuation (1 April 2021) and the end of the financial year (31 March 2022). The council has revalued its land and buildings at 31 March 2022, which has resulted in an increase in the net book value of £76.8 million (page 65).

#### Pension Fund - Financial Instruments

The categorisation of assets within the fair value hierarchy (note 16) for both the previous and current year have been restated as a result of further information becoming available on the underlying assets. There is no impact on the main financial statements through this change (page 188).



## Letters of Representation

Each year, in order to enable the conclusion of the audit, as required by the auditor, the committee must provide written representations from those charged with governance and management of the council on matters material to the financial statements where other appropriate audit evidence cannot reasonably be expected to exist. The council's management representation letter for 2021/22 is provided at Appendix B and the pension fund management representation letter is provided at Appendix C.

## 2022/23 Accounting Policies

For the 2022/23 financial year, the committee is asked to review the accounting policies to be used in preparing the council's 2022/23 statement of accounts and these are set out at Appendix D. These accounting policies have been updated to reflect the changes in relation to accounting for infrastructure assets and clarification included regards the methodology for the sale of investment assets (pages 9 and 10) The accounting policies otherwise remain unchanged from the previous financial year.

## Consultations

N/A

## Implications:

This item has the following implications, as indicated:

## Risk management

Failure to complete the statement of accounts in line with the Chartered Institute of Public Finance and Accountancy Code of Practice may result in an adverse opinion from the council's external auditors.

## Local Government (Access to Information) Act 1985

### List of Background Papers

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A

