

TRAFFORD COUNCIL

Report to: Accounts & Audit Committee
Date: 27th September 2023
Report for: Decision
Report of: Director of Finance and Systems

Report Title

Approval of the Final Accounts 2021/22 (Accounts 2022)

Summary

The pre-audited 2021/22 accounts were approved by the Director of Finance and Systems on 29th July 2022. They were submitted immediately to the Council's external auditors, Mazars, and placed on deposit in advance of the statutory deadline of 31st July 2022 and subsequent public inspection for 30 working days.

The audit has substantially been completed and subject to the satisfactory conclusion of the remaining work, the auditor anticipates issuing an unqualified opinion, without modification, on the financial statements.

Attached are the redrafted Final Accounts for 2021/22, as they currently stand at the time of the Committee report distribution and pending any changes prior to the completion of the audit. Amendments made are highlighted and accommodate changes currently agreed with Mazars during their audit.

The majority of changes relate to "Disclosure" changes such as formatting, enhancements to improve readability and typographical errors.

The following issues have also been identified during the audit and further details can be found in the Audit Completion Report (ACR) 2021/22, Item 7 on this Agenda:

Significant Findings (Section 4)

- Net defined benefit liability valuation – due to a delay in the completion of the audit for the year ending 31 March 2022 the Actuary's 2023/24 triennial revaluation of the Pension Fund became available to the Council and this indicated a material movement in the net pension liability which affected the closing balance for 2021/22. The accounts have been updated to reflect this and audit work in this area has concluded.
- Property, Plant & Equipment (PPE) and investment properties- revaluation of PPE and investment property has been identified as high risk. Issues have been identified in relation to the Council's approach to valuations however these did not have a material impact on the accounts and therefore no adjustments have been made to the financial statements.
- Valuation of shareholding in the Manchester Airport Group (MAG) – MAG shareholdings are valued by an external firm of financial experts and a challenge was made by audit on the valuation methodology applied by the valuation expert. As a result of this, the valuation expert revised their estimates of the shareholdings and the accounts have been amended to reflect this.

Internal control recommendations (Section 5)

- One recommendation has been identified regarding improvements in internal controls relating to the procedures in place for the valuation of PPE which has been classified as medium (should be actioned in the near future). A management response has been included in the completion report.

Summary of Misstatements (Section 6)

- Three unadjusted misstatements totalling £4.667m have been identified relating to the Pension Liability and PPE and investment property valuations. Further details of these can be found in the Significant Findings section of this report.
- Two items have been adjusted for in relation to the Pension Fund Triennial valuation (£11.4m) and the revised share valuation for Manchester Airport Holdings (£0.5m).
- A prior period adjustment has been made in relation to the revised share valuation of Manchester Airport Holdings totalling £14.3m.
- A number of “disclosure” amendments have been made to improve readability and to correct typographical errors.

Value for Money conclusion (Section 7)

- The auditor is required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The auditor has yet to complete all work in respect of these arrangements, however two risks of significant weaknesses in the Council’s arrangements have been identified including financial sustainability and Children’s services. A reassessment of Children’s services has been carried out to follow up on progress made which concluded appropriate action has been taken by the Council to address the significant weakness. Further commentary will be provided in the Auditor’s Annual Report later in the year.

Recommendation

- Members are requested to review and note the Accounts as they currently stand.
- Authority be delegated to the Chair of Accounts and Audit Committee and the Director of Finance and Systems to approve the Final Accounts for 2021/22 should the final audit opinion not be issued at the time of the Accounts and Audit Committee meeting.

Contact person for access to background papers and further information:

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Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Failure to approve the accounts in a proper format would be contrary to the Accounts and Audit Regulations.
Legal Implications:	None arising out of this report

Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Resource Implications e.g. Staffing / ICT / Assets	Not applicable
Risk Management Implications	Not applicable
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable