

Report to Regulation, Audit and Accounts Committee

14 March 2022

Financial Statements 2021/22 – Plans and Progress

Director of Finance and Support Services

Summary

Project plans have again been prepared for the closure of the 2021/22 accounts for the County Council and the West Sussex Pension Fund.

The current deadlines are 31 July for the publication of draft accounts and 30 November for audited accounts. Based on this, the draft accounts for West Sussex County Council will be available by 29 July 2022 while the draft accounts for the West Sussex Pension Fund will be available by 24 June 2022. The draft Audit Results Reports for both the County Council and the Pension Fund will be available in September 2022, ahead of the Regulation, Audit and Accounts Committee meeting on 22 September 2022.

Members will have the opportunity to participate in a briefing session which is arranged for 15 September 2022 to walk through the financial statements for both the County Council and Pension Fund.

The accounts are prepared under the requirements of statute and accounting standards, which are consolidated into the Code of Practice on Local Authority Accounting. Officers' interpretation of these requirements is set out in the accounting policies. The policies for West Sussex County Council have been updated to ensure ongoing alignment with the example accounting policies in CIPFA's Code of Practice Guidance Notes where appropriate, and to provide clarification, streamline, or to address previous omissions. There are no changes to the accounting policies for the Pension Fund.

Recommendations

The Committee is asked to:

- (1) Note the project plans for the County Council and Pension Fund accounts (Appendices A and B) and consider progress to date.
 - (2) Consider the draft accounting policies for both the County Council and Pension Fund accounts for 2021/22 as set out in full in Appendices Ci and Cii and approve them for application in preparing this year's accounts.
-

Proposal

1 Introduction

- 1.1 This paper sets out the planning framework for closing the 2021/22 accounts for both West Sussex County Council and the West Sussex Pension Fund. It also presents a draft set of accounting policies for both the County Council and the Pension Fund accounts.

2 Planning Framework and Draft Accounting Policies

Planning Framework

- 2.1 As part of its response to the 'Redmond Review' into the effectiveness of external audit and transparency of financial reporting in local authorities and also in recognition of the pressures that local authorities are operating under as a result of the coronavirus pandemic, Government made a temporary amendment to the Accounts and Audit Regulations 2015. This extended the deadlines for the publication of draft accounts to 31 July (from 31 May) and audited accounts to 30 September (from 31 July), for an initial period of two years commencing 2020/21. The deadline for the publication of the 2021/22 audited accounts was subsequently further extended to 30 November for one year only (subject to consultation) as part of a series of measures announced by the Department for Levelling Up, Housing and Communities (DLUHC) in December 2021 which are intended to support the timely completion of local government audits and the ongoing stability of the local audit market.
- 2.2 The 2020/21 accounts were closed in line with these statutory deadlines. A complete set of accounts for the County Council were submitted to EY for audit on 9 July 2021, while the Pension Fund submitted a complete set of accounts to EY on 18 June 2021. External audit started their audit work, initially of the Pension Fund accounts, on 21 June. At the Regulation Audit and Accounts Committee meeting on 22 September 2021, it was reported that the audit of the Pension Fund accounts was complete whilst there were a few areas of work outstanding for the County Council accounts. An unqualified opinion for both the County Council and Pension Fund accounts was then issued by EY on 4 November 2021. As part of the value for money work, EY did not identify any significant weaknesses in the Council's VFM arrangements. The audit certificate has yet to be issued as the audit work for the Whole of Government Accounts (WGA). The latest position regarding the WGA is that the toolkit is still being tested by HM Treasury and the audit deadline will not be before 31 July 2022.
- 2.3 Due to the continuing unprecedented circumstances during 2021, the external audit planning and interim visits for the 2021/22 audits have been scheduled to take place in February and March 2022.
- 2.4 A formal project plan has again been produced for the 2021/22 accounts both for the County Council and Pension Fund accounts, enabling the Council's scarce resources to be allocated, to identify a critical path and formally evaluate risks. A briefing session is arranged for 15 September, to help members gain a greater understanding of the accounts including a walkthrough of the financial statements.

- 2.5 The County Council's project plan is to produce draft accounts by 29 July with the audit during August and September, while the plan for the Pension Fund is to produce draft accounts by 24 June, with the audit taking place in July 2022.
- 2.6 The project plans for each body are attached as Appendices A and B. Each plan includes a table of milestones which are set out below:

Figure 1: WSCC Closedown Milestones

Task	Due date
Letter of instruction issued to property valuers	31 August 2021
Bruton Knowles provide draft property valuation certificates for Corporate Finance review	13 December 2021
CIPFA Emergency Code Consultation closes	3 March 2022
Issue closedown timetable to practitioners	4 March 2022
EY commence 7-week Planning/Interim Audit	7 March 2022
RAAC considers accounting policies and handbook	14 March 2022
CIPFA Consultation outcomes to be confirmed; Code update to be issued as appropriate	31 March 2022
Deadline for submission of school bank reconciliations	8 April 2022
Service & consolidated capital monitors submitted for outturn PRR	14 April 2022
Outturn management accounts finalised	20 April 2022
Bruton Knowles provide final valuation report	22 April 2022
Member & Senior Officer Related Party survey deadline	29 April 2022
Anticipated receipt of HR establishment & bandings reports	29 April 2022
CIPFA Closedown Bulletin due to be published	29 April 2022
Executive Leadership Team considers outturn PRR	5 May 2022
Anticipated receipt of IAS19 pensions actuary reports	20 May 2022
Senior Officer Remuneration disclosure available for review by Finance and HR Directors	20 May 2022
Fixed Asset Register "lockdown" – QA complete and disclosures handed over for financial statements	10 June 2022
Cabinet Briefing considers outturn PRR	28 June 2022
Council Tax and Business Rates outturn collection funds requested from billing authorities	1 July 2022
Ledger closed – no further transactions	8 July 2022
Outturn PRR scrutinised by Performance & Finance Scrutiny Committee	13 July 2022
Handover of financial instrument disclosures	15 July 2022
RAAC meeting; progress update	18 July 2022
Outturn PRR approved by Public Cabinet	20 July 2022
Complete draft Statement of Accounts (SoA) available for senior management QA	22 July 2022
CFO certifies draft SoA for publication on WSCC website & submission to EY	29 July 2022
Commencement of County financial statements audit	1 August 2022
Start of accounts inspection period	1 August 2022
Finalisation of audit working paper file	5 August 2022
Draft WGA submitted to HMT and available for audit	31 August 2022
Scheduled conclusion of financial statements audit – schedule of audit adjustments agreed with EY	9 September 2022

Task	Due date
End of accounts inspection period	12 September 2022
CFO authorises audited SoA for RAAC despatch	13 September 2022
EY despatches final Audit Results Report to RAAC	13 September 2022
RAAC Member Briefing – walkthrough audited financial statements	15 September 2022
RAAC approves audited SoA	22 September 2022
EY provides audit opinion	Late September TBC
EY provides WGA Assurance Statement and audit certificate	Late September TBC
Audited SoA published on website	30 September 2022
Target date for submission of audited Whole of Government Accounts to Treasury	30 September 2022

Figure 2: WSPF Closedown Milestones

Task	Due date
'Interim Audit'	7 February 2022
Consideration of the accounting policies and project management handbook by Regulation, Audit & Accounts Committee (RAAC)	14 March 2022
Verification of information provided by fund managers, custodian and pension services team and reconciliation against SAP to enable full technical review of draft Statement of Accounts (SoA) by Lead Reviewer	20 May 2022
Draft SoA QA completed	27 May 2022
Completed internal quality assurance (QA) of SoA	10 June 2022
Submission of draft SoA to Ernst & Young (EY)	24 June 2022
Ensure that the individual electronic working papers are provided in accordance with the agreed protocol with EY, signed off by the Lead Reviewer	24 June 2022
Audit commences	1 July 2022
Accounts inspection period commences	1 August 2022
Completion of EY audit work within advised fee scale	9 September 2022
End of accounts inspection period	12 September 2022
EY despatches final Audit Results Report to RAAC	13 September 2022
Member Briefing with RAAC, Pensions Committee and Pension Advisory Board	15 September 2022
Consideration of final SoA by RAAC	22 September 2022
Opinion on financial statements and signed audit certificate provided	Late September 2022

- 2.7 Attention is drawn to the County Council and the Pension Fund risk registers which are attached as an annex to the respective project plans. For County, five risks have been identified, none of which are red, and mitigations are in place for each of them. Six risks have been identified for the Pension Fund; again, none are red, and mitigations are in place for each.

Accounting Policies

- 2.8 It is good practice to present the accounting policies to those charged with governance. The accounting policies for both the County Council and the West Sussex Pension Fund are attached as Appendices Ci and Cii.

- 2.9 Only minor amendments to the accounting policies for West Sussex County Council are proposed for 2021/22. These changes have been made to ensure ongoing alignment with the example accounting policies in CIPFA's Code of Practice Guidance Notes where appropriate, and to provide clarification, streamline, or to address previous omissions. The revisions are not intended to reflect a change in existing practice.
- 2.10 CIPFA are currently consulting on an emergency Code Update which may change the revaluation requirements for operational land and buildings for 2021/22. If adopted, this is likely to require an amendment to accounting policy (ii) Property, Plant and Equipment (measurement). If necessary, a revised accounting policy will be presented to the July meeting of the Regulation, Audit and Accounts Committee for approval.
- 2.11 There are no changes to the Pension Fund accounting policies.

3 Finance

- 3.1 The accounting policies determine the detailed application of accounting standards, and thus the basis on which the accounts are prepared. Approval of policies inconsistent with the Code of Accounting Practice risks additional audit time and fees, as well as reputational damage. The risks included on the risk register, if not mitigated, may also lead to additional audit time and cost.

4 Risk implications and mitigations

- 4.1 The project plans include an analysis of main risks and mitigating actions.

Katharine Eberhart

Director of Finance and Support Services

Contact Officer: Vicky Chuter, Financial Reporting Manager, 033 022 23414

Appendices

Appendix A – WSCC Project Management Handbook

Appendix B – WSPF Project Management Handbook

Appendix Ci – WSCC Accounting Policies

Appendix Cii – WSPF Accounting Policies

Background Papers

None