

**STATEMENTS OF ACCOUNTS**  
**WDA/52/24**

**Recommendation**

That Members:

1. Note the statements of accounts; and
2. Approve the Letter of Management Representation to the auditor

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## **STATEMENTS OF ACCOUNTS**

**WDA/52/24**

### **Report of the Treasurer**

#### **1. Purpose of the Report**

- 1.1 The Authority is statutorily required to prepare a Statement of Accounts that complies with proper accounting practices. The Authority is required to approve the Statement of Accounts each year. The Authority's Statements of Accounts for 2018-19 through to 2021-22 are attached as Appendices.
- 1.2 Members are asked to note the accounts which are the subject of the audit reports in the subsequent report
- 1.3 Members are asked to note the management letters of representation that accompany the accounts.

#### **2. Background**

- 2.1 The Statutory framework for the preparation and approval of the Authority's Statement of Accounts is set out in the Accounts and Audit (England) Regulations 2015 and the Local Audit and Accountability Act.
- 2.2 The framework means that the Accounts should be prepared in draft by the Treasurer. Then, following the audit of the accounts, the accounts are adopted formally by the Authority, this can be by the Audit Committee.
- 2.3 The Authority has been working with the auditor on the statements of accounts for 2018-19 for some time. There have been a number of problems and as a consequence the audit for that year and subsequent years has not been completed.
- 2.4 The Government has issued a direction that statements of accounts where the audit remains outstanding shall receive a disclaimer of audit opinion which enables the audit process to move forward again.

#### **3. The Statements of Accounts**

- 3.1 The Authority's accounts were prepared under the provisions of the Code of Practice on Local Authority Accounting (the Code) which is prepared by

the Chartered Institute of Public Finance and Accounting (CIPFA). The Code that applied for each.

- 3.2 The statements are attached at Appendix 1, 2, 3 and 4 and represent the Authority's draft accounts for 2018-19, 2019-20, 2020-21 and 2021-22.
- 3.3 Within each of the accounts the four key statements are:
  - The Comprehensive Income and Expenditure Account (CIES);
  - The Balance Sheet;
  - The Movement in Reserves Statement (MIRS); and
  - The Cash Flow
- 3.4 Each of these statements is regarded by the Code as a principal statement and their order is not significant as each has the same precedence. They are supported by notes to the accounts and are underpinned by Accounting Policies that confirm how key transactions and balances have been brought into the accounts.
- 3.5 The narrative introduction by the Chief Finance Officer of the Authority is a change to the previous requirements which is intended to provide commentary for users of the accounts on financial performance and stewardship of funds for the year ended 31 March.

#### **4. Key issues**

- 4.1 Each of the statements of accounts attached to this report (at appendices 1-4) was prepared and placed on deposit as required by the regulations.
- 4.2 The key issue for Members is to remind them that the audit for 2018-19 was not completed and this has been reported to Members on a regular basis. The impact of this is that the audit of subsequent years could not be completed, although there was substantial progress made on the audit for 2019-20.
- 4.3 In respect of the 2018-19 accounts the Authority worked alongside a third party company, one of the major accounting firms, to provide a statement of accounts that could provide a strong basis for moving forwards, The accounting firm has confirmed their view that this statement is a basis for moving forwards, however, that has come too late in the process for the auditor to fully consider and so will be included in its approach to a disclaimer of opinion.

- 4.4 The subsequent accounts will be subject to the disclaimer of opinion as the auditor has been unable to complete their work on the statements. This approach which will eventually enable the auditor to catch up with their audit and help to ensure the Authority's accounts are reported on into the future.
- 4.5 The auditor seeks representations from Management at the Authority that all matters have been disclosed that should be disclosed and that the assumptions underpinning any accounting matters that are considered to be unusual are declared fully. The Letters of Management Representations attached at Appendices 5-8 and contain the information requested by the Auditor.

## **5. Risk implications**

- 5.1 There is a risk that the Authority will fail to comply with the statutory requirements regarding the approval of the statement of accounts. Recognising the changes in the requirements and putting in place new arrangements mitigates the risk.
- 5.2 There is also a risk that the authority's financial position will be misstated and the levels of balances available will be uncertain. This risk is mitigated by the fact that the ledger is maintained by a third part Council and were the balances available to be different from those reported as available the third-party provider would advise the Authority immediately.

## **6. HR Implications**

- 6.1 There are no HR implications.

## **7. Environmental Implications**

- 7.1 There are no environmental implications.

## **8. Financial Implications**

- 8.1 The Authority's balances on the General Fund available for supporting revenue costs may be different from those reported.

## **9. Legal Implications**

- 9.1 The Authority will comply with its legal obligation regarding the statement of accounts by approval of the statement. This will allow the Auditor to provide a disclaimer of audit opinion and certificate, for each of the audit years as required by Government.

## **10. Conclusion**

- 10.1 Members are therefore requested to note the Authority's Statement of Accounts for each of the years in question.
- 10.2 Members are also requested to approve each of the Letters of Management Representations.

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The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 - Nil.