



Title of meeting:	Governance and Audit and Standards Committee
Date of meeting:	Governance and Audit and Standards Committee 08 March 2023
Subject:	Statement of Accounts 2021-2022
Report by:	Director of Finance and Resources (Section 151 Officer)
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Purpose of report

To consider the Statement of Accounts for 2021/22.

2. Recommendations

- a) That the Statement of Accounts be approved
- b) That authority be delegated to the Chair of the Governance and Audit and Standards Committee to sign an amended 2021/22 Statement of Accounts after 08 March should this be required following comments by the Auditor.

3. Background

Under the Accounts and Audit Regulations 2015, the Director of Finance and Resources was required to sign and date the Statement of Accounts, and confirm that he was satisfied that the accounts presented a true and fair view of the financial position of the Authority at 31 March and of the authority's income and expenditure for 2021/22.

From 01 August 2022 to 09 September 2022 any person was able to inspect the accounts of the Council for the year ended 31 March 2022 and certain related documents (comprising books, deeds, contracts, bills, vouchers and receipts and other documents relating to those records). From 01 August 2022 to 09 September 2022, a local government elector for the area of the Council, or his/her representative, could object to the Council's accounts asking that the Auditor issue a report in the public interest (under schedule 7 of the Local Audit and Accountability Act 2014) and/or apply to the court for a declaration that an item in the Accounts is contrary to law (under section 28 of the Local Audit and Accountability Act 2014). These rights were not exercised in respect of the Council's Draft Statement of Accounts for 2021/22.

After considering comments from the Auditors, and making adjustments that he felt were appropriate, the Director of Finance and Resources (Section 151 Officer) has

re-confirmed that he is satisfied that the Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March and of the Authority's income and expenditure for 2021/22. A list of non-trivial adjustments made by the Director of Finance and Resources (Section 151 Officer) so far is contained in the Appendix. Any further non-trivial adjustments made by the Director of Finance and Resources (Section 151 Officer) will be tabled at the meeting.

The Statement of Accounts 2021/22 includes an overview of the City Council's performance on pages 15 to 26 and a commentary on the financial statements on pages 26 to 39.

4. Reasons for Recommendations

The Accounts and Audit Regulations 2015 now require members of the Council to:

- a) consider the Statement of Accounts
- b) approve the Statement of Accounts by a resolution
- c) ensure that the Statement of Accounts is signed and dated by the person presiding at the Committee at which that approval is given.

Portsmouth City Council discharges these responsibilities through its Governance and Audit and Standards Committee.

The Governance and Audit and Standards Committee now have two options:

- 1) Approve the Statement of Accounts
- 2) To identify areas of concern and not approve the Accounts.

In considering the Statement of Accounts, the Committee should take into account any comments made by the Auditor.

Under the Accounts and Audit Regulations 2015 the Council must publish its accounts together with any certificate or opinion entered by the auditor by 30 November.

The audit of the Statement of Accounts is ongoing. Therefore, it is recommended that authority be delegated to the Chair of the Governance and Audit and Standards Committee to sign an amended 2021/22 Statement of Accounts after 23 November should this be required following comments by the Auditor

5. Integrated Impact Assessment

An integrated impact assessment is not required as the recommendations do not directly impact on service or policy delivery. Any changes made arising from this report would be subject to investigation in their own right.

6. Legal implications

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2015 to ensure that the Council's budgeting, financial management, and accounting practices meet the relevant statutory and professional requirements. Members must have regard to and be aware of the wider duties placed on the Council by various statutes governing the conduct of its financial affairs.

7. Director of Finance & Resources (Section 151 Officer) comments

All financial considerations are contained within the body of the report and the attached appendices.

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Signed by Director of Finance & Resources (Section 151 Officer)

Appendix: List of non-trivial amendments made by the Director of Finance and Resources (Section 151 Officer) (to be tabled at the Briefing Meeting)

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<u>Title of document</u>	Location
1 Accounts and Audit Regulations 2015	Legislation.gov.uk website
2 Information pertaining to the audit in the possession of the Council	Financial Services

APPENDIX**Non-Trivial Adjustments Made to the Accounts Since Publication of the Statement of Accounts Report 2021-2022 on 14th June**Property Valuation errors

There were three errors identified by the City Council at the start of the audit which impacted the value of property assets held by the City Council. Two of these were due to wrong figures being used at year end (+£0.577m and +£2.1m), and one was due to a late change in the value of the HRA Council House stock by external valuers (+£2.284m). There is no impact on the overall General Fund or HRA balance.

	Original Figures	Revised Figures	Amendment
	£000	£000	£000
<u>Movement in Reserves Statement</u>			
Usable Reserves - Surplus on provision of services - GF	(23,303)	(23,115)	118
Usable Reserves - Surplus on provision of services - HRA	(18,964)	(21,248)	(2,284)
Usable Reserves - Adjustments between accounting basis & funding basis under regulations - GF	53,797	53,609	(188)
Usable Reserves - Adjustments between accounting basis & funding basis under regulations - HRA	17,741	20,025	2,284
Unusable Reserves - Other	(206,637)	(209,502)	(2,865)

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Comprehensive Income			
Unusable Reserves - Adjustments between accounting basis & funding basis under regulations	(77,190)	(79,286)	(2,096)
Total Unusable Reserves	(783,523)	(788,484)	(4,961)
Total Reserves	(1,123,250)	(1,128,211)	(4,961)

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	Original Figures	Revised Figures	Amendment
	£000	£000	£000
<u>Comprehensive Income & Expenditure Statement</u>			
Portfolio Net Expenditure	216,743	216,931	188
Non Portfolio - HRA Net Expenditure	(15,485)	(17,769)	(2,284)
Net Cost of Services	209,279	207,183	(2,096)
Surplus on Provision of Services	(42,267)	(44,363)	(2,096)
Surplus on Revaluation of Property, Plant & Equipment	(62,366)	(65,231)	(2,865)
Other Comprehensive Income	(206,638)	(209,503)	(2,865)
Total Comprehensive Income and Expenditure	(248,905)	(253,866)	(4,961)

<u>Balance Sheet</u>			
Property, Plant & Equipment (Note 12)	1,713,194	1,716,055	2,861
Heritage Assets (Note 15)	97,480	99,580	2,100
Long Term Assets	2,112,025	2,116,986	4,961
Net Assets	1,123,250	1,128,211	4,961
Revaluation Reserve (Note 25)	(269,857)	(272,722)	(2,865)
Capital Adjustment Account (Note 25)	(914,293)	(916,389)	(2,096)
Unusable Reserves	(783,523)	(788,484)	(4,961)
Total Reserves	(1,123,250)	(1,128,211)	(4,961)

	Original Figures	Revised Figures	Amendment
	£000	£000	£000
<u>Cash Flow Statement</u>			
Net Surplus on the Provision of Services	42,267	44,363	(2,096)
Adjustment for Non Cash Movements (Note 26)	126,356	124,260	(2,096)

	Original Figures	Revised Figures	Amendment
	£000	£000	£000
<u>Housing Revenue Account</u>			
Depreciation (and Impairments) of Non-Current Assets - Dwellings	(896)	(3,180)	(2,284)
Total Expenditure	70,002	67,718	(2,284)
Net Cost of HRA Services	(15,485)	(17,769)	(2,284)
Surplus for the year on HRA Services	(18,963)	(21,247)	(2,284)

	Original Figures	Revised Figures	Amendment
	£000	£000	£000
<u>Movement on the HRA Statement</u>			
Surplus on the HRA Income & Expenditure Account	(18,963)	(21,247)	(2,284)
Adjustments between accounting basis & funding basis under regulations	17,455	19,739	2,284

These errors also impact the associated disclosure notes including Note 7, 8, 9, 12, 13, 15, 25, 26, H1 and H4.

Provision Error

The Covid-19 additional relief fund representing un-spent monies was incorrectly all classified as long-term provisions despite it all being due in 2022-23.

	Original Figures £	Revised Figures £	Amendment £
Long Term Provisions	(11,026)	(8,535)	2,491
Short Term Provisions	(3,571)	(6,062)	(2,491)

This only impacts the balance sheet and associated disclosure note, with no impact on the overall General Fund or HRA balance.

Note 30 Officer Remuneration

The number of employees analysed in amounts paid over £50,000pa contained figures inconsistent with underlying workings.

	Original Figures	Revised Figures	Amendment
Band 60,000 to 64,999	47	46	-1
Band 65,000 to 69,999	29	1	30

Note 30 Exit Packages

One of the exit package bands contained an understated pension strain figure

	Original Figures £	Revised Figures £	Amendment £
Exit package cost band 0 - 20,000	36,434	36,599	165

There was also one exit package which was under dispute at the year end so had not been agreed and the value of this was not known at the time so was not included.

While 1 exit package was included in the value for band £60-80k it was omitted in the number of exit packages.

	Original Figures	Revised Figures	Amendment
Exit package - number of agreed departures £60,001 - £80,000	1	2	1

Note 34 Related Parties

Payments to companies in which members have an interest was understated due to a casting error and payments to Portsmouth College were omitted in error.

The amount received from the Hampshire Police & Crime Commissioner (HPCC) was understated.

	Original Figures £	Revised Figures £	Amendment £
Members section - Amounts paid to companies in which Members had an interest	11,680,424	12,731,588	1,051,164
Amounts received from Hampshire Police and Crime Commissioner	1,747,158	(20,714)	1,726,444