



WEST OXFORDSHIRE
DISTRICT COUNCIL

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Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 26th SEPTEMBER 2024
Subject	FINAL 2022/23 AUDIT FINDINGS REPORT (ISA260) AND STATEMENT OF ACCOUNTS FOR WEST OXFORDSHIRE DISTRICT COUNCIL
Wards affected	All
Accountable member	Cllr Alaric Smith Executive Member for Finance Email: alaric.smith@westoxon.gov.uk
Accountable officer	Madhu Richards, Director of Finance Email: madhu.richards@westoxon.gov.uk
Report author	Madhu Richards, Director of Finance Email: madhu.richards@westoxon.gov.uk
Summary/Purpose	<p>This report presents The Audit Findings Report and audited Statement of Accounts for the period 1 April 2022 to 31 March 2023.</p> <p>At the Audit and Governance Committee on 19th March 2024, at which The Audit Findings Report was presented, authority was delegated to the Director of Finance in consultation with the Executive Member for Finance and the Chair of the Audit and Governance Committee, to sign of the final report provided there were no material errors or adjustments.</p>
Annexes	Annex A: The Audit Findings for West Oxfordshire District Council. Annex B: Statement of Accounts including the Annual Governance Statement
Recommendation(s)	That the Audit and Governance Committee resolves to: I. Note the contents of the report and appendices.
Corporate priorities	<ul style="list-style-type: none">• Putting Residents First• A Good Quality of Life for All• A Better Environment for People and Wildlife

	<ul style="list-style-type: none"> • Responding to the Climate and Ecological Emergency • Working Together for West Oxfordshire
Key Decision	NO
Exempt	NO
Consultees/ Consultation	NO

1. BACKGROUND

- 1.1 Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (“the Code”) external auditors are required to report whether, in their opinion:
- the Council’s financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year; and
 - have been properly prepared in accordance with the CIPFA/ LASAAC code of practice on local authority accounting and prepared in accordance with Local Audit and Accountability Act 2014.
- 1.2 The auditors are also required to report whether other information published together with the audited financial statements is materially inconsistent with the financial statements or their knowledge obtained during the audit or otherwise appears to be materially misstated.
- 1.3 The Statement of Accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (‘the Code’). The Council is statutorily obliged under the Accounts and Audit Regulations 2015 to prepare its Statement of Accounts in accordance with the Code.

2. MAIN POINTS

- 2.1 The Audit Findings Report (ISA260) for West Oxfordshire District Council was presented to the Audit and Governance Committee on 19th March 2024.
- 2.2 The auditors had completed 90% of their work as of 11th March 2024 and had not identified any material errors or adjustments to the financial statements. It was also concluded that it would be unlikely that there would be any further material errors or adjustments.
- 2.3 The initial back stop date for 2022/23 audits, to tackle the local audit backlog, was 30th September 2024. On 30th July 2024, this date was extended to 13th December 2024.
- 2.4 At the March meeting, working on 30th September 2024 back stop date, authority was delegated to sign off the final report to the Director of Finance in consultation with the

Executive Member for Finance and the Chair of the Audit and Governance Committee, provided there were no material errors or adjustments.

2.5 The 2022/23 audit was signed off on 20th August 2024.

2.6 The appendices to this report contain the Audit Findings Report (ISA260) for West Oxfordshire District Council and the Statement of Accounts including the Governance Statement.

2.7 STATEMENT OF ACCOUNTS

The four core statements within the Accounts are:

Comprehensive Income & Expenditure Statement:

The statement shows the accounting cost of services in accordance with generally accepted accounting practices (GAAP). The 'below the line' funding & accounting entries that bring the statement back to the movement on the General Fund (reversing items such as depreciation and accounting for pension contributions) form part of the Movement in Reserves Statement below.

Movement in Reserves Statement:

The statement details the movement in the year between reserves, from the surplus/deficit on provision of services in the Comprehensive Income & Expenditure Statement, to the position on the Balance Sheet at 31 March, splitting the reserves into the usable reserves (which are available to spend) and unusable reserves which represent reserve held for accounting purposes (and are not available for use).

Balance Sheet:

The balance sheet depicts the assets and liabilities of the Authority, with the overall position representing the 'net worth' of the Council.

Cash Flow Statement:

The statement shows the year on year change in cash and cash equivalents (i.e. on demand deposits) available to the Council, as opposed to simply showing the movement in the bank balance.

The 'notes to the accounts' provide additional breakdown and disclosure of balances to support the primary statements.

2.8 Revenue Outturn and Performance

The Council's approved revenue budget for 2022/23 was £13,727,413. The final outturn position saw the Council budget overspent by £573,004. The revenue outturn position was reported to Executive on 12th July 2023 (for a full breakdown of the outturn for the year, please refer to the Executive report, agenda item 60). At their meeting, Executive recommended to Council to transfer £2,071,519 to earmarked reserves. Council subsequently approved the appropriations on 19th July 2023.

2.9 Reconciling the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement to the Revenue Outturn position reported to Executive

The Comprehensive Income and Expenditure Statement (CI&ES) (page 8 of the Accounts) shows the accounting cost in the year of providing services. The statement is prepared based under International Financial Reporting Standards (IFRS) and therefore does not match the figure presented to Executive as part of the year-end outturn report, which is prepared on the basis of internal reporting practices. To reconcile the figures, the CI&ES and Movement in Reserves Statement (MiRS) need to be read together as the MiRS reverses out or adjusts some Income and Expenditure items to make them compatible with the Code of Practice on Local Authority Accounting, and UK statutory requirements.

Note B1 “Expenditure and Funding Analysis” on page 13 of the Accounts reconciles the difference between statutory financial reporting and those figures reported internally to Executive. The CI&ES declares a deficit on the provision of services of £987,626. This figure includes changes in asset values and pension fund accounting which are not reported to Members as they are statutory accounting adjustments and do not impact upon council tax payer financing of the Council. These are set out in the column headed “Adjs. between accounting and funding basis” and amount to £1.288m. Once adjustments to earmarked reserves of £1.7m are considered, the net contribution from the Council’s General Fund Balance is £573,004 ($£1,288k + £987k - £1,702k = £573k$).

2.10 Key Balance Sheet Movements

The balance sheet represents the value or ‘net worth’ of the Council as at 31st March 2023. The key movements in the balance sheet between 31st March 2022 and 31st March 2023 and the reasons for the largest changes are summarised below.

The value of Property, Plant and Equipment has increased by £5.257 million. This is primarily due to acquisition of Mariotts Close and the revaluation downwards of some of our investment property, operational buildings and leisure facilities. This reflects the difficult market conditions for large office premises and the performance of the leisure sector.

Short term debtors have decreased by £5.468 million and short term creditors have decreased by £18.564 million. While in a normal year fluctuations in these balances would be expected, in 2021/22 these were hugely exacerbated due to the size of transactions with central government departments and the Council’s partners. Specifically the Business Rates deficit, S31 compensation grant and Business Support grants. This impact has been reversed in 2022/23 bringing Short Term Debtors and Creditors in line with pre Covid levels. Aged Debt balances increased significantly to £5,709.430 at 31 March 2023.

The valuation of the pension fund net assets and liabilities which is shown in note F1 to the accounts, has shown a decrease in liability of £23.142 million. The valuation of the pension fund does fluctuate each year and is based upon a number of actuarial assumptions and a triennial revaluation cycle. At 31 March 2023, the Council’s share of the Oxfordshire Pension Fund stands at a net liability of £1.789 million compared to a liability at 31st March 2022 of £24,931,000. The future value of pension liabilities is based on the discount rate, which is based on the yield on investment grade corporate bonds. There has been a significant rise in yield over the period which has led to an increase in the discount rate, which in turn has had a positive effect on pension scheme liabilities. Whilst the scheme is in

deficit it represents the net value of what the Council owes across all future years. The Council are making contributions to cover liabilities accruing for employees that are current members.

In March 2023, the Council took out short term borrowing of £5 million which was repaid in April 2023. This borrowing was to support operational cash requirements i.e. paying Precepts, paying invoices and our contract obligations. There was a £13.026 million decrease in our cash and cash equivalents year on year due to a significant amount of Government funding being received at the end of March 2022 for Business Support Grants and additional S31 Grant compensating for the impact of Government legislation changes on Business Rates income.

The 'general fund balance' has decreased by £573,004 from 1 April to 31 March. The movement represents the remaining overspend in the year (after transfers to earmarked reserves). The general fund balance represents the unallocated revenue reserves of the Council. At 31 March 2023, the General Fund balance stood at £12,240,348.

The Council's 'earmarked reserves' represent resources that have been set-aside by the Council for specific projects or money to provide particular schemes in the future. Overall contributions to earmarked reserves amounted to £4.236 million, including £2.060m to the Business Rates Deficit Reserve, £670,206 to a Budget Deficit Reserve and £633,757 to the Local Plan Reserve. Expenditure amounted to £7.317m. Of the money spent, £4.578m funded the repayment of the Business Rates deficit relating to 2021/22 and £1.187m for High Speed Broadband across the District. The value of earmarked reserves has therefore decreased by £3.081m.

The 'Net Assets' or 'Net Worth of the Council has increased by £19,875,034. The main contributing factor is the decrease in pension liability. Although the Council faces significant challenges in 2023/24 and beyond, the Council is in a stable position at the end of the 2022/23 financial year with a level of reserves to fund budget deficits until they are exhausted in 2027/28.

3. ALTERNATIVE OPTIONS

3.1 None.

4. CONCLUSIONS

4.1 The Audit and Governance Committee are requested to note the report.

5. FINANCIAL IMPLICATIONS

5.1 None.

6. LEGAL IMPLICATIONS

6.1 None.

7. RISK ASSESSMENT

7.1 None.

8. EQUALITIES IMPACT

8.1 None.

9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

None.

(END)