

# TONBRIDGE & MALLING BOROUGH COUNCIL

## AUDIT COMMITTEE

22 July 2024

### Report of the Director of Finance and Transformation

#### Part 1- Public

#### Delegated

#### **1 STATEMENT OF ACCOUNTS 2023/24**

**This report presents an unaudited set of Accounts for 2023/24 in the format specified by the Code of Practice on Local Authority Accounting in the United Kingdom.**

#### **1.1 Introduction**

1.1.1 This report presents an unaudited set of Accounts for 2023/24 [**Annex 1**] for information.

1.1.2 The Accounts include adjustments in light of the outturn position which were discussed informally with Cabinet and are due to be reported to the formal meeting of the Cabinet scheduled for 8 July.

1.1.3 As Members are aware from my report to the April Committee meeting, due to the 'backlog' issues nationally, the Audit of the 2023/24 accounts is unlikely to commence until October 2024 with conclusion of the Audit in December 2024.

1.1.4 As an interim measure to deal with the national backlog, the accounts for 2023/24 have to be signed off by External Auditors by 31 May 2025. Members will be aware that this interim arrangement is significantly later than the 'normal' statutory deadline which would have meant a date of 30 September 2024.

1.1.5 As discussed at the April meeting of the Committee, Members resolved that the accounts and Audit Finding Report (AFR) should be considered by the Audit Committee at their meeting on 13 January 2025. Under the Council's Constitution, responsibility for the approval of the Statement of Accounts is delegated to this Committee.

#### **1.2 Statement of Accounts**

1.2.1 The Accounts are prepared in accordance with International Financial Reporting Standards. The Code of Practice on Local Authority Accounting in the United Kingdom is issued by the Chartered Institute of Public Finance and Accountancy and is reviewed and as appropriate updated at least annually. There have been no material changes to the presentation of the Accounts for 2023/24.

1.2.2 There will be numerous issues that will impact on the finances of local authorities as a result of the Covid-19 pandemic, the current global economic conditions and cost of living crisis. Specific areas within the financial statements include:

- The valuation for the Gibson West Building is reported as subject to Material Valuation Uncertainty under RICS Global Standards. In concluding this opinion, it was deemed necessary to take into consideration the potential for redevelopment should the Council no longer wish to occupy all or part of the premises. As such, there would be wider range of purchaser perceptions which would likely attract bidders in the market at above current valuation levels.
- The valuations for Angel East and West Car Parks include a government subsidy for the loss of income in 2020/21 due to the Covid-19 pandemic. Consumer behaviour has evolved in recent years and the post-pandemic requirement for car parking needs is yet to settle down. This will provide a level of uncertainty surrounding the appetite for car parks until the standard use is known.
- Short Term Debtors, collectability of debt – it is prudent to establish a provision (impairment allowance) for non-payment of debt. The impact of the current global economic conditions and ‘cost of living crisis’ could potentially have an adverse impact on collectability of debt and will be the subject of ongoing review.

1.2.3 An unaudited set of Accounts for 2023/24 is enclosed with this agenda. It consists of the following individual financial statements and associated notes.

- 1) Comprehensive Income and Expenditure Statement – this Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The taxation position is shown in the Movement in Reserves Statement.
- 2) Movement in Reserves Statement – this Statement shows the movement in the year on the different reserves held by the Council, analysed into ‘usable reserves’ (those that can be applied to fund expenditure and or reduce local taxation) and other reserves (those that the Council is not able to use to provide services, for example, the revaluation reserve).
- 3) Balance Sheet – sets out the financial position of the Council at 31 March 2024. It shows the value of the Council’s assets and liabilities, and its balances and reserves.
- 4) Cash Flow Statement – this summarises the inflows and outflows of cash and cash equivalents for both revenue and capital purposes.
- 5) Notes to the financial statements.

6) Collection Fund and Associated Notes – shows the total local taxation transactions in relation to council tax and business rates.

1.2.4 At **[Annex 2]** is a more detailed overview of the Statement of Accounts and at **[Annex 3]** a checklist certified by myself in support of the assertions made in the Statement of Responsibilities for the Statement of Accounts.

1.2.5 Members will note in accordance with the Accounts and Audit Regulations and in my role as the Council’s responsible financial officer, I have certified that the Statement of Accounts present a **“true and fair view”** of the financial position of the local authority at the end of the year and its income and expenditure for the year.

1.2.6 The Statement of Accounts is subject to external audit and the Council’s external auditor is due to undertake the audit of the Accounts in October.

### **1.3 Accounts and Audit Regulations**

1.3.1 The Accounts and Audit Regulations require:

- The Council’s responsible financial officer to certify an unaudited set of accounts for issue, that present a “true and fair view” of the financial position of the Council as at 31 March 2024 and its income and expenditure for the year ended 31 March 2024.
- The responsible financial officer and Members to certify / approve an audited set of accounts for publication by no later than 30 September 2024 and that following approval both the responsible financial officer and Chairman of the receiving Committee sign and date the Statement of Accounts. It should be noted the Council’s external auditors have been charged with getting other authorities’ accounts agreed up to the 2022/23 financial year and as such the Council’s 2023/24 audit will not take place until October to December 2024, with a final report to Members of this committee in January 2025.
- Authorities to have in place a sound system of corporate governance and that an Annual Governance Statement is to accompany but is not part of the Accounts.

### **1.4 Statement of Auditing Standards**

1.4.1 Our External Auditor is required to issue a report to those charged with governance covering, amongst other things, the outcome of the audit of the Accounts. Under the Council’s Constitution it is the Audit Committee that will receive this report. The report is expected to be presented to the Audit Committee meeting on 13 January 2025 (see paragraph 1.1.5 above).

## **1.5 Annual Governance Statement**

- 1.5.1 The Annual Governance Statement can be found elsewhere on this agenda. The Statement accompanies the Statement of Accounts but is not part of the Accounts. The purpose of the Annual Governance Statement is to assess and demonstrate that there is a sound system of corporate governance throughout the organisation. Governing is about how local government bodies ensure they are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.
- 1.5.2 The Statement is prepared by way of a self-assessment questionnaire and supporting evidence. The Statement has been signed by both the most senior Member and officer of the Council.

## **1.6 Legal Implications**

- 1.6.1 Compliance with the Accounts and Audit Regulations and the Code of Practice on Local Authority Accounting in the United Kingdom is a statutory requirement. There are a number of legislative requirements to consider in the preparation and publication of the Statement of Accounts which will be addressed as we move through the closedown process.
- 1.6.2 The draft accounts have been displayed on the Council's website since 31 May 2024. Under Regulation 15(2)(b) of the Accounts and Audit Regulations 2015 notice was given that from Monday 3rd June 2024 to Friday 12th July 2024 (weekdays between 9am and 4pm) the accounts could be inspected by any person.

## **1.7 Financial and Value for Money Considerations**

- 1.7.1 The fee for the audit of the 2023/24 Accounts is £139,930 compared to £61,099 for the 2022/23 audit, an increase of £78,831.

## **1.8 Risk Assessment**

- 1.8.1 The Statement of Accounts is a statutory document and, therefore, failure to prepare and publish the Accounts in accordance with proper accounting practice and within the statutory timescales could adversely affect the Council.

## **1.9 Equality Impact Assessment**

- 1.9.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

## **1.10 Recommendations**

- 1.10.1 Members are **RECOMMENDED** to:

- 1) Note and endorse the enclosed unaudited set of Accounts for 2023/24.

- 2) Note the Statement provided by the Director of Finance and Transformation **[Annex 3]** in support of assertions made in the Statement of Responsibilities for the Statement of Accounts.

Background papers:

Investment information provided by King & Shaxson  
Pension information provided by Barnett Waddingham  
Valuation/Impairment information provided by Wilks  
Head & Eve.

contact: Paul Worden  
Amanda Riley

Sharon Shelton  
Director of Finance and Transformation