

## Audit Committee

13 January 2025

### Part 1 - Public

#### Delegated



Cabinet Member	Kim Tanner – Cabinet Member for Finance and Housing
Responsible Officer	Sharon Shelton – Director of Finance and Transformation
Report Author	Paul Worden – Chief Financial Services Officer Amanda Riley – Principal Accountant

## Statement of Accounts 2023/24 – Audit Findings Report

### 1 Summary and Purpose of Report

- 1.1 The unaudited Statement of Accounts was presented to this committee in July 2024. This report presents the Audit Findings Report following the review carried out by Grant Thornton.

### 2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 The Statement of Accounts and the Audit Findings Report demonstrate that the authority's finances remain in a sound position.

### 3 Recommendations

- 3.1 Members are **RECOMMENDED** to:
- Once fully agreed, receive and approve the enclosed audited set of Accounts for 2023/24 [Annex 1] and ask that the Chairman sign the Accounts in the appropriate place.
  - Approve the Audit Findings Report contained at [Annex 2] and the Management Responses, as detailed in paragraphs 5.4 and 5.5 on the outcome of the audit of the Statement of Accounts for 2023/24.
  - Approve the Letter of Representation [Annex 3] for signature by the Chairman and the Director of Finance and Transformation when Grant Thornton issue their opinion.

## 4 Introduction and Background

- 4.1 The Accounts are to be 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.
- 4.2 Attached at **[Annex 1]** is a current copy of the Statement of Accounts, this may be subject to further minor amendment by Grant Thornton, but a verbal update will be given at the meeting. **May I ask that any questions on the Statement and its contents be raised in advance of the meeting with the report authors so that they can prepare responses to be given at the meeting.**
- 4.3 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.
- 4.4 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 by no later than 31 May 2024.
  - The responsible financial officer and Members to certify / approve an audited set of accounts for publication by no later than 31 May 2025 and that following approval both the responsible financial officer and Chairman of the receiving Committee sign and date the Statement of Accounts.
  - Authorities to have in place a sound system of corporate governance and that an Annual Governance Statement accompany but is not part of the Accounts.

## 5 Audit Findings Report

- 5.1 Our external auditor (Grant Thornton UK LLP) is required to issue a report to those charged with governance covering, amongst other things, the outcome of the audit of the Accounts, and for this to be endorsed and approved before the Accounts are signed off. It is this Committee that is charged with governance for this purpose.
- 5.2 At the time of writing this report the external audit have almost concluded their review and issued a Draft Audit Findings Report on the outcome of the audit of the Statement of Accounts 2023/24 which is attached at **[Annex 2]**. Members will note that the Engagement Lead anticipates being able to issue an unqualified

audit opinion on the financial statements following this meeting and will provide a verbal update at the meeting on any residual findings and answer any questions.

5.3 Again, at the time of writing, other than a small number of textual changes, only one further change has been made to the accounts as a result of the audit as detailed below.

- Inclusion of a recent pensions case that could affect future valuations of the IAS 19 pension liability.

5.4 The Audit Findings Report, at page 22 of the Grant Thornton document gives two recommendations for the Council identified during the audit, these have been summarised below along with the proposed management response

**Issue 1 - Non return of Related party transaction form by Councillors (note 25)**

**Risk** – Management not being aware of relationships between related parties of the Council resulting in non-compliance

**Recommendation** – Review of Code of Conduct to enforce the submission of declarations in a timely manner.

**Management response** - Members are currently reminded twice for return of the electronic Microsoft forms along with requests to Group Leaders to remind their own members that the forms are outstanding and asking for return. Consideration will be given on how non-returns can be declared to the wider member body, either through the Audit Committee or within the financial statements.

**Issue 2 – Regular review of prior years’ outstanding creditors’ balance (note 20)**

**Risk** – Potential under or overstatement of creditors balance within Statement of Accounts.

**Recommendation** – Review of prior year outstanding balances as part of the closedown process.

**Management response** - As part of 2024/25 closedown process Accountants will share with Services outstanding Creditor and Debtors lists that remain unutilised at February 2025 in order to ensure that only ongoing balances remain.

5.5 There were three recommendations from the 2022/23 audit concerning the areas below

- Journal approval
- Mapping of the trial balance to the accounting statements, and

- Fixed asset register

The first two recommendations have been implemented and the third remains ongoing due to then size and nature of the work being undertaken.

5.6 The Audit Findings Report also contains the Value for Money Review completed in parallel with the Audit of the Statement.

5.7 The VFM report is also contained in the Auditor's Annual Audit Report found elsewhere on this agenda and the responses to the issues identified are covered in that report.

## **6 Letter of Representation**

6.1 For completeness and in accordance with best practice it is recommended that the Chairman countersign the Letter of Representation, **[Annex 3]**, that officers have prepared. With that in mind, Members are asked to approve the Letter for signature by the Chairman and the Director of Finance and Transformation.

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

7.1 The fee for the audit of the 2023/24 Accounts is £147,460 compared to £61,099 for the 2022/23 audit. The increase is as a result of the new contract for Public Sector Audit.

## **8 Risk Assessment**

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.

## **9 Legal Implications**

9.1 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.

## **10 Cross Cutting Issues**

10.1 Equalities and Diversity

10.1.1 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.

Background Papers	None
Annexes	Annex 1 – Statement of Accounts Annex 2 – Audit Findings Report Annex 3 – Letter of Representation