

Audit Committee

29 September 2025

Part 1 - Public

Delegated



Cabinet Member	Martin Coffin – Cabinet Member for Finance, Waste and Technical Services
Responsible Officer	Paul Worden – Head of Finance
Report Author	Amanda Riley – Principal Accountant

Statement of Accounts 2024/25 – Audit Findings Report

1 Summary and Purpose of Report

- 1.1 The unaudited Statement of Accounts was presented to this committee in July 2025. This report presents the Audit Findings Report following the review carried out by our external Auditors, 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 audited set of Accounts for 2024/25 [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 2024/25.
 - Approve the Letter of Representation [Annex 3] for signature by the Chairman and the Head of Finance (s151) 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 2024/25.
- 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, with a verbal update 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, in the role as the Council's responsible financial officer, Sharon Shelton has 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 2025 and its income and expenditure for the year ended 31 March 2025 by no later than 30 June 2025.
 - The responsible financial officer and Members to certify / approve an audited set of accounts for publication by no later than 27 February 2026 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 2024/25 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 by the end of September and will provide a verbal update at the meeting on any residual findings and answer any questions.

- 5.3 At the time of writing, other than a small number of textual and minor disclosure changes, no other amendments have been made to the accounts as a result of the audit as detailed below.
- 5.4 The Audit Findings Report, at page 35 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 – Bank Reconciliation

Risk – Bank reconciliations are a key control for financial governance in order to ensure the accuracy of the cash and cash equivalent held by the Council. While management indicates the issues this year were primarily due to delays caused by staff illness, these deficiencies pose a risk of misappropriation of assets.

Recommendation – We recommend that all reconciling items are investigated and resolved in a timely manner. Management must further ensure that appropriate action is taken to investigate prior balances.

Management response - Although the unreconciled difference on the cash account is below triviality, officers acknowledge that staff sickness and a recent system upgrade limited the time available to fully investigate and analyse the balance at year end. The Finance Team considers the identification of these unreconciled amounts a high priority. The bank reconciliation process is being reviewed, with the aim of streamlining the procedure and building resilience within the team going forward.

Issue 2 – Related parties disclosure note – declaration of interest.

Risk - There is a risk that management is not aware of relationships with related parties that require disclosure. Members who represent the Council's interest in borough development may also be able to facilitate transactions in their own interests if sufficient understanding of these interests is not known by the Council.

Recommendation – We recommend that management incorporates alternative procedures for those who have not completed their annual declarations. This will provide greater assurance that related party transactions are not identified or omitted.

Management should consider amending the existing declaration form to include guidance that the return covers both the Councillor and members of their immediate family.

Management response - Returns were received from all but 1 non-executive member of 43 Councillors elected as at the end of the 2024-25 financial year, the non-return was due to severe ill health of the Member concerned. In the event of this happening in future, Officers will perform additional searches to obtain details of potential related party transactions.

The Related Party Form will be reviewed for 2025-26 to cover closely related persons and will also include a review of the Members Declaration of Interests as highlighted in the Value for Money Audit Findings Reports.

5.5 There were three recommendations from the 2023/24 audit concerning the areas below:

1. Sundry Creditors
2. Related Party Transactions
3. Fixed asset register

The first recommendation has been implemented. The second issue has been raised again in 2024/25 and additional recommendations and management response provided as shown in Issue 2 above. The third remains ongoing due to the size and nature of the work being undertaken.

5.6 A post Balance Sheet event has been included in the final version of the Accounts, detailing the capital loss of £92,000 as a result of the early withdrawal from the Hermes Property Fund. This compares to an £88,000 loss recorded in the Financial Statements as at 31st March 2025.

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

5.8 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.

7 Financial and Value for Money Considerations

7.1 The fee for the audit of the 2024/25 Accounts is £163,828, compared to £147,460 for the 2023/24 audit. The increase is as a result of the new contract for Public Sector Audit and a fee variation for testing the first year application of IFRS16.

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