

This report is public	
External Audit 2023/24 Update	
Committee	Accounts, Audit and Risk Committee
Date of Committee	15 January 2025
Portfolio Holder presenting the report	Deputy Leader and Portfolio Holder for Finance, Property and Regeneration, Councillor Lesley McLean
Date Portfolio Holder agreed report	19 December 2024
Report of	Assistant Director of Finance (S151 Officer)

Purpose of report

To update the committee on the status of the audit of the 2023/24 statement of accounts, note the proposed changes to the draft statement of accounts; note the draft Letter of Representation; and to seek delegated authority to finalise the accounts with the auditors by the backstop date for 2023/24's accounts.

1. Recommendations

The Accounts, Audit and Risk Committee resolves:

- 1.1 To note the proposed changes between the draft and final statement of accounts for 2023/24.
- 1.2 Note the draft Letter of Representation for 2023/24 (Appendix 1)
- 1.3 Agree that, once the final audit opinion for 2023/24 is received, the Assistant Director Finance (S151 Officer), in consultation with the Chair of the Accounts, Audit and Risk Committee (or Vice Chair in their absence), be authorised to make any further changes to the accounts agreed with the auditors and sign the accounts. Any further changes will be brought to the Committee's attention at its next meeting following the signing.
- 1.4 Agree that the Assistant Director of Finance, in consultation with the Chair of the Committee (or Vice Chair in their absence), be authorised to make any further changes to the letter of representation agreed with the auditors that may arise during completion of the audit. Any further changes will be brought to the Committee's attention at its next meeting following the signing.

2. Executive Summary

- 2.1 The audit of the 2023/24 statement of accounts by the council's new auditors, Bishop Fleming, began in November. The auditors, with the support of officers, have made good progress and both are confident that the accounts will be finalised by the backstop date stipulated by government of 28 Feb 2025 (please see Appendix 2 for frequently asked questions about the backstop).

- 2.2 The draft accounts were published in June 2024, before the 2022/23 statement of accounts had been finalised with Ernst & Young. The committee were notified of the changes between the draft and final accounts for 2022/23 at its meeting in November 2024. These included items which changed the opening balances for 2023/24; therefore, the majority of the movements between draft and final for 2023/24 are in relation to those changes. The current list of changes is provided in more detail in section 4 of this report. None impact on the general fund. If further changes are required before the completion of the audit these will be reported to the committee at the next opportunity.
- 2.3 The Letter of Representation is an important part of the audit process whereby the Council, via the Section 151 Officer provides representations around the operation of the Council that allows and helps the auditors to form their opinion as to whether the financial statements give a true and fair view. A draft of the letter for 2023/24 has been provided by the auditors and is found at Appendix 1.
- 2.4 The next meeting of the Accounts Audit and Risk Committee is in March 2025 but as this is after the backstop date for the 2023/24 statement of accounts to be finalised, the committee is asked to delegate authority to the S151 Officer and the Chair of the committee to do so in order to meet the deadline.

Implications & Impact Assessments

Implications	Commentary			
Finance	There are no finance implications arising directly from this report. Joanne Kaye, Head of Finance, 18 December 2024			
Legal	The obligations in law are as set out in the report and there are no legal implications in connection with this report. Shiraz Sheikh, Assistant Director of Law, Governance and Democratic Services (Monitoring Officer), 6 January 2025			
Risk Management	There are no risk implications arising directly from this report. Celia Prado-Teeling, Performance Team Leader, 6 January 2025			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				N/A
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?				N/A
B Will the proposed decision have an impact upon the				N/A

lives of people with protected characteristics, including employees and service users?				
Climate & Environmental Impact				N/A
ICT & Digital Impact				N/A
Data Impact				N/A
Procurement & subsidy				N/A
Council Priorities	N/A			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	N/A			

Supporting Information

3. Background

3.1 The draft statement of accounts for 2023/24 were noted by the committee at its meeting 17 July 2024. At the September 2024 meeting it was also outlined that the 2023/24 statement of accounts would receive a disclaimer opinion, which councils across the country will be receiving as part of the government's audit reset plans. The backstop deadline for the 2023/24 financial year is 28 February 2025.

4. Details

4.1 Since the Committee noted the draft statement of accounts, there have been a few changes made to reach the final statement of accounts. The main movement is in relation to the change in valuation of a single property asset in the final 2022/23 statement (as reported to the committee in November 2024) which was agreed with auditors after the 2023/24 draft statement was published. This change has impacted on both the 2022/23 comparator figures and 2023/24 balances. The changes to the comparator figures are as per the November report; therefore, this report will concentrate on the changes to the 2023/24 statement.

4.2 Table 1 summarises the change which affects the Comprehensive Income and Expenditure Statement (CIES) and relates to a revised depreciation figure recalculated on the amended asset value. The asset was not scheduled for valuation

in 2023/24 and so the amended asset value from 2022/23 will be used for the depreciation calculation until it is revalued.

Table 1: Impact on the CIES of changes between draft and final statements

	Net Expenditure per draft Statement of Accounts £'000	Changes £'000	Net Expenditure per final Statement of Accounts £'000
Chief Executive	9,180		9,180
Communities	14,472		14,472
Resources	7,855	(22)	7,833
Cost of Services	31,508	(22)	31,485
Other Operating Expenditure	5,933		
Financing and Investment (Income) and Expenditure	(1,428)		
Taxation and Non-specific Grant (income)	(40,551)		
(Surplus) or Deficit on Provision of Services	(4,539)	(22)	(4,560)
(Surplus) or deficit on revaluation of Property, Plant and Equipment	(33)		(33)
Remeasurement of the net defined benefit liability / (asset)	(12,765)		(12,765)
Other Comprehensive (Income) and expenditure	(12,798)		(12,798)
Total Comprehensive (Income) and expenditure	(17,337)	(22)	(17,358)

4.3 Table 2 summarises the impact on the Balance Sheet. As the asset was not revalued in 2023/24, the movement represents the net of the amended asset value which was a £1.43m downward valuation, and the revised depreciation of £0.022m. This impact on Property, Plant and Equipment within Long term Assets and the Unusable Reserves (and supporting notes). There is no impact on the General Fund.

Table 2: Impact on the Balance Sheet of changes between draft and final statements

Balance Sheet	Draft	Changes	Final
	£'000	£'000	£'000
Long Term Assets	290,677	(1,408)	289,269
Current Assets	35,486		35,486
Current Liabilities	78,852		78,852
Long Term Liabilities	178,278		178,278
Net Assets/(Liability)	69,034	(1,408)	67,625

Usable Reserves	(43,322)		(43,322)
Unusable Reserves	(25,712)	1,408	(24,303)
Total Reserves	(69,034)	1,408	(67,625)
Balance	0	0	0

4.4 Officers are also expecting there to be a material change to the accounts in relation to the disclosure of the pension liability. This is still under discussion with the auditors but is expected to impact on the CIES, the Balance Sheet and the supporting notes. There will not be an impact on the general fund balance and the final outcome will be reported at the next opportunity.

5. Alternative Options and Reasons for Rejection

5.1 Option 1: do not delegate authority to the S151 Officer and Chair of the committee to agree the accounts and sign the letter of representation. This has been rejected because without delegation there is a risk that the backstop date could be missed, given that the accounts would need to be signed off by the committee at its 19 March 2025 meeting. Another meeting of the committee before 28 February would need to be convened in that eventuality.

6 Conclusion and Reasons for Recommendations

6.1 The statement of accounts has been prepared according the CIPFA code and represents a true and fair view of the council's financial position. The Accounts, Audit and Risk Committee is invited to note the changes between draft and final statement of accounts and discuss these with officers to obtain an understanding of the changes made between draft and final. They are also invited to note the draft letter of representation and approve delegated authority to the S151 Officer and Chair of the committee to finalise the accounts by the 28 February 2025 backstop date.

Decision Information

Key Decision	N/A
Subject to Call in	N/A
If not, why not subject to call in	N/A
Ward(s) Affected	All

Document Information

Appendices	
Appendix 1	Draft 2023/24 Letter of Representation
Appendix 2	CIPFA Backstop FAQs
Background Papers	None
Reference Papers	Local Audit Backlog Statement – Jim McMahon written statement to parliament 30 th July 2024 - https://questions-statements.parliament.uk/written-statements/detail/2024-07-30/hcws46 Draft Statement of Accounts 2022-23 – Report taken to AARC on 17 July 2024
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