

External Audit Update

Report of the Head of Finance and Revenues

Recommendation:

1. That Ernst & Young's Draft Audit Results Report, as shown in Annex 1 to the report, be received.
2. That the 2023/24 Statement of Accounts, as shown in Annex 2, be approved.
3. That the Head of Finance and Revenues, in consultation with the Chairman of the Audit Committee, be authorised to make any required changes to the 2023/24 Statement of Accounts resulting from the conclusion of Ernst & Young's audit work.

SUMMARY:

- Ernst & Young (the Council's appointed external auditor) present their draft Audit Results Report, in respect of the audit of the 2023/24 statement of accounts, for the Audit Committee's consideration.
- The 2023/24 Statement of Accounts are also presented for the committee's consideration and approval. It is recommended that delegated authority be given to the Head of Finance and Revenues to make any final amendments to those accounts, should that prove necessary.

1 Introduction

- 1.1 The Council is required to produce a Statement of Accounts for each financial year and for those accounts to be independently audited by a suitably experienced and qualified external auditor. Ernst & Young are the Council's appointed auditor.
- 1.2 Previous reports to the Audit Committee have highlighted the nationwide backlog in public sector audits. This has had a clear impact on the completion of the current audit and the opinion expected to be given by the auditors in respect of the 2023/24 statement of accounts.
- 1.3 As part of the process to re-set the backlog, the government has introduced a series of backstop dates by which time audit opinions must be given. For the 2023/24 Statement of Accounts, that date is 28 February 2025, which is less than three months after the deadline for the 2022/23 audit completion.

1.4 Backstop dates will be incrementally brought forward until the target date of 30 November is reached in 2026/27. The backstop date for the 2024/25 audit is 2 February 2026.

1.5 This report presents Ernst & Young's draft 2023/24 Audit Results Report for the committee's review and also the Statement of Accounts for approval.

2 Audit of 2023/24 Statement of Accounts

2.1 An update on the progress of the 2023/24 audit was presented to the Audit Committee in December 2024. Since that meeting, work has progressed well in most areas towards completion of substantive audit work.

2.2 With the backstop date approaching at the end of February, there is no further time for any additional audit work to be undertaken. This has meant that audit work to verify the valuations provided by the Council's external valuer for certain property, plant and equipment assets has not been completed. Therefore, there is less audit assurance provided in this area than over the rest of the accounts.

2.3 Councillors will recall that Ernst & Young disclaimed the opinion on the 2022/23 statement of accounts. This means that the usual level of assurance does not exist for comparative 2022/23 figures and opening balances contained in the 2023/24 accounts.

2.4 This is an acknowledged part of the national process to restore effectiveness in public sector audits and will affect the majority of local authorities. A disclaimed opinion should not be treated as an indication of weaknesses in the control environment or of the existence of material errors in the accounts.

2.5 Ernst & Young's draft Audit Results Report is presented for the Committee's review, together with the Statement of Accounts. The accounts are expected to be in their final form; however, it is possible that the final reviews of audit working papers may require them updated.

2.6 Given the proximity to the 28 February deadline, it is recommended that the Head of Finance and Revenues, in consultation with the Audit Committee Chairman, be authorised to make any final changes that are necessary to the accounts. If any such changes are required, they will be summarised and reported to the next Audit Committee meeting.

3 Risk Management

3.1 An evaluation of the risks indicates that the existing controls in place mean that no significant risks have been identified at this time.

4 Resource / Legal Implications

4.1 There are no resource or legal implications arising from the recommendations in this report.

5 Conclusion and reasons for recommendation

- 5.1 The audit of the 2023/24 statement of accounts is nearing completion. The audit work completed has identified few changes that were required to be made as part of the audit process.
- 5.2 It is recommended that the Audit Committee approve the 2023/24 Statement of Accounts, with the flexibility for the Head of Finance and Revenues given delegated authority, in consultation with the Audit Committee Chairman, to make any changes that may be required to the accounts between the date of the meeting and the date that Ernst & Young issue their final opinion.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
Statement of Accounts 2023/24			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	2		
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