

<b>Report to:</b>	Audit and Governance	26 <sup>th</sup> July 2023
<b>Lead Cabinet Member:</b>	Councillor John Williams, Lead Cabinet Member for Finance	
<b>Lead Officer:</b>	Peter Maddock, Head of Finance	

# Final Accounts Position Statement and Catch Up Plan

## Executive Summary

1. On 14<sup>th</sup> March 2023 Councils received a letter from the Department for Levelling Up, Housing and Communities (DLUHC) seeking assurance that the delays experienced to accounts and audit were being addressed. To that end a position statement and catch-up plan should be provided to this Committee. Whilst the Council has historically experienced significant issues in this area it is committed, along with the auditors, to get the accounts and audits up to date as soon as is practically possible and a catch-up plan has been agreed that aims to have the process back on track for the audit of the 2024/25 accounts to take place at the prescribed time during the early part of the 2025/26 financial year.
2. It is worth noting that there have been significant issues across the whole sector with resourcing and carrying out audits within the prescribed timescales. This stems from difficulties retaining and recruiting suitably qualified staff within the organisations that carry out the audits and this situation has led to an increasing number of authorities falling behind with their account's audits. In recognition of this DLUHC is considering how to address this on a sector wide basis.

## Recommendations

3. **That Committee note the current position regarding the accounts and audit process.**
4. **That Committee note the agreed timetable for bringing the accounts and audit up to date for the audit of the 2024/25 accounts at the prescribed time during the 2025/26 financial year.**

## Details

### Position Statement

5. The final accounts for 2019/20 have now been approved and the audit completed in the last quarter of 2022/23. The 2020/21 audit commenced on 5<sup>th</sup> June 2023 and all working papers were available prior to the start of the audit. The fieldwork is expected to take around two months or so and is expected to be substantially complete by the date of this meeting. There will be final processes to take place after that so it is anticipated that the audit will be complete, and the accounts signed off during September 2023.
6. Much of the 2021/22 accounts process has been completed and it is intended to have this and a draft set of accounts available for the end of November 2023. The intention then is to start the audit for that year from 2<sup>nd</sup> January 2024 with Completion by the end of March 2024.

## Proposed timeline

7. The plan going forward is to carry out two accounts and audit cycles per financial year as set out in the table below.

	Accounts prepared	Audit complete	Auditor
20/21	Complete	September 2023	EY
21/22	November 2023	March 2024	EY
22/23	May 2024	September 2024	EY
23/24	November 2024	March 2025	KPMG
24/25	May 2025	September 2025	KPMG

8. EY will cease to be the Council's appointed auditor for 2023/24 and the new auditors KPMG will take over.
9. The first final accounts and audit cycle to be completed by KPMG will be the 2023/24 cycle which it is our intention to complete the audit by March 2025. The new auditors are already aware of the situation the Council is in regarding its accounts and have been informed of the proposed timetable for the 2023/24 audit. They are in agreement with our proposed timetable; however it was agreed that there would be a further meeting with KPMG once the 2020/21 accounts and audit are complete to check this was still feasible. In the early part of 2025/26 the intention is that the 2024/25 audit will be carried out to the prescribed timetable.

## Options

10. The report asks the committee to note the current status of the Council's accounts and audit. The Council and the auditors believe the proposed timeline for getting things up to date is reasonable and realistic and the committee is asked to support this.
11. A shorter timeline has been considered but both parties believe that this is unrealistic given the other competing demands both the Council and EY will face.

## **Implications**

12. In the writing of this report, taking into account financial, legal, staffing, risk, equality and diversity, climate change, and any other key issues, the following implications have been considered:-

### **Financial**

13. Timely and robust consideration of the Council's budgets is vital to ensure that financial statements are correctly stated, financial procedures are followed and that the financial position of the Council is effectively managed and monitored.

### **Legal**

14. There is a requirement under the Accountancy and Audit Regulations for Council's to present their accounts for the preceding financial year for audit by 31st of May each year and for those accounts to be audited and published by 31st July each year. For the 2021/22 financial year, 19% of councils have achieved this target. Going forward this deadline is to be moved to 30<sup>th</sup> September each year.

### **Risks/Opportunities**

15. There is a risk that the financial statements are incorrectly stated with consequential impacts. The purpose of the external audit is to mitigate this risk. This is still a significant risk going forward but with dedicated experienced resources now tasked with dealing with auditor queries and accounts completion the risk should be mitigated.

## **Alignment with Council Priority Areas**

### **A modern and caring Council**

16. Producing an annual statement of accounts is key to supplementing the financial information already in the public domain, to ensure the full transparency of the Council's financial affairs.

## **Appendices**

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