

<b>Report to:</b>	Audit and Governance	19 <sup>th</sup> March 2024
<b>Lead Cabinet Member:</b>	Councillor John Williams, Lead Cabinet Member for Finance	
<b>Lead Officer:</b>	Peter Maddock, Head of Finance	

## 2022/23 accounts progress, 2023/24 accounts and future audits.

### Executive Summary

1. The draft statement of accounts for the year 2021/22 were approved in January 2024 and the draft accounts for 2022/23 are currently in progress. It is expected that these will be ready by 31<sup>st</sup> March 2024. Once completed the accounts will need to be approved by this Committee at an additional meeting in May 2024.
2. EY have been carrying out their value for money work on both 2021/22 and 2022/23 and will be reporting on that in due course. They have also said they will not be carrying out a full audit and are intending to issue a disclaimer in whatever the agreed wording format is, for both 2021/22 and 2022/23.
3. For 2023/24 the closedown and accounts preparation will be carried out in line with the prescribed timetable, if at all possible, and the Councils auditors for that year will be KPMG who are intending to start their work during October 2024.

### Recommendation

4. That Committee note the current position regarding the accounts for 2022/23, and the intention to carry out the accounts preparation for 2023/24 to the prescribed timetable with the audit commencing during October 2024.

### Details

#### 2022/23 Accounts

5. The Council is currently preparing the draft accounts for 2022/23 with an expected completion date of 31<sup>st</sup> March 2024. Once the draft accounts have been completed they will be published as soon as possible after that, the 30 working day public inspection period will then commence. An additional meeting will need to be convened to approve the draft accounts and this is likely to be in the second half of May 2024.

6. There are now a very significant number of local authorities who are not up to date with their annual accounts and audit processes and this has become an increasing problem over the last 2 or so years. The reasons for this are complex and it has become clear that some fairly drastic action needed to be taken to rectify the situation. Because of this the Government has proposed a catch up plan for all outstanding accounts to be completed by 30<sup>th</sup> September 2024.
7. The Council has been liaising closely with EY and they have confirmed that whilst they are continuing with their value for money work on both 2021/22 and 2022/23 they will not be carrying out their normal audit procedures for those years and intend to follow the disclaim route. This means that the auditors will make a statement that they give no opinion on the accounts. A very significant number of local authorities will be in the same position as South Cambs and whilst it is not clear exactly what form this disclaimer will take there needs to be a consistent approach applied across the sector.

## **2023/24 Accounts**

8. For 2023/24 the intention is that the accounts will be closed down and prepared to the prescribed timetable of 31<sup>st</sup> May if at all possible. However given the significant issues experienced in the past and that the audit will not commence until October 2024 it would be foolish to rush the 2023/24 accounts if we don't need to, so this will be kept under review as things progress.
9. KPMG will be doing a full audit of the 2023/24 accounts from October and they will have until 31<sup>st</sup> May 2025 to complete this. It has been suggested that some work will be carried out on the opening balances to at least provide some assurance on the starting position but it is not clear exactly how much work and what this entails. If possible an update will be given on this aspect at the meeting. Given that there will be 8 months allowed for the audit to take place there should at least be some time to do the preliminary work suggested.
10. The proposed dates for subsequent years have now been released so for example the 2024/25 accounts would need to be completed by 31<sup>st</sup> March 2026 and longer term the date of 30<sup>th</sup> November is proposed for 2026/27 and 2027/28. This seems a reasonable approach and gives time for the new arrangements to bed down and hopefully ensure the accounts and audit process does not end up back where it is at the moment.

## **Options**

11. The report asks the committee to note the current position on the draft accounts for 2022/23. The other option is not to consider this report.

## **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 and Fraud Risk**

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.
14. The assessment and management of fraud risk is an integral part of the final accounts and audit process and the Council is required to report on any fraud experienced and the arrangements it has in place to prevent and detect fraud. The Council has robust arrangements in place that includes our corporate fraud team, internal audit and this committee has fraud risk and management within its terms of reference.
15. The proposed catch up arrangements potentially add additional risk to the process but these should be mitigated by preliminary work by KPMG to satisfy themselves that the opening position in 2023/24 is materially correct.

## **Legal**

16. 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 31 July each year. The report highlights that these dates will be changed going forward and given the historical issues experienced this makes a lot of sense and should ensure the catch up process is successful and is sustained longer term.

## **Risks/Opportunities**

17. 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**

18. 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**

None

**Report Author:**

Peter Maddock – Head of Finance  
Telephone: (01954) 713072