



Additional / To Follow Agenda Items

This is a supplement to the original agenda and includes reports that are additional to the original agenda or which were marked 'to follow'.

Nottingham City Council Audit Committee

Date: Friday, 26 July 2024

Time: 9.30 am

Place: Ground Floor Committee Room - Loxley House, Station Street, Nottingham, NG2 3NG

Governance Officer: Kate Morris **Direct Dial:** 0115 8764214

Agenda	Pages
6 Revision of Audit Committee Terms of Reference Report of the Corporate Director for Finance and Resources	3 - 16
9 Statement of Accounts Update Report of the Corporate Director for Finance and Resources	17 - 28

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Agenda Item 6

Audit Committee – 26 July 2024

Title of paper:	Revision of Audit Committee Terms of Reference	
Director(s)/ Corporate Director(s):	Ross Brown - Corporate Director for Finance and Resources	Wards affected: All
Report author(s) and contact details:	Kate Morris, Scrutiny and Audit Support Officer	
Other colleagues who have provided input:	John Slater, Group Assurance & Audit Governance Manager Nancy Barnard, Head of Governance	
Does this report contain any information that is exempt from publication? No		
Brief Summary The report presents a revision of the Terms of Reference for the Audit Committee to bring them in line with recent guidance and as part of the Audit Committee Improvement Plan. Despite additions and removals, none of the proposed changes represent a change in purpose or remit of the Committee.		
Recommendation(s):		
1	To endorse the revised Audit Committee Terms of Reference for approval at Council.	

1 Reasons for recommendations

- 1.1 The Terms of Reference (ToR) for Audit Committee were last revised in September 2018 in response to guidance issued in 2018 by the Chartered Institute of Public Finance and Accounting (CIPFA). Revised guidance was issued by CIPFA in 2022 but no further update of the ToR has taken place. These revised ToR bring them into line with the most current CIPFA guidelines and current legislation.
- 1.2 This revision of the ToR also drives forward the Audit Committee Improvement plan as agreed by the Committee in March 2024.

2 Background

- 2.1 Large sections of the proposed ToR remain unchanged from the current ToR, and none of the changes set out in appendix 1 represent a change to the purpose, or remit of the Committee. For ease of reference a table has been included to demonstrate where the original text is found within the proposed ToR.
- 2.2 Additions to the ToR have been highlighted as red underlined text, and have been included to reference additional or updated statutory requirements with the Guidance or within legislation. Text for removal has been struck through and represents outdated text, or rewritten portions of the existing ToR.
- 2.3 Refreshed ToR bring the Council in line with current guidance and represent a step towards a further improved Committee. The proposed ToR are in line with those of other Core Cities but also reflect existing functions specific to Nottingham City.

3 Background papers other than published works or those disclosing exempt or confidential information

3.1 None

4 Published documents referred to in compiling this report

4.1 Audit Committee Terms of Reference - Nottingham City Council Constitution, Article 9 – Non-executive Functions and Committees

4.2 Audit Committee, 28 September 2018 – Audit Committee Terms of Reference

4.2 Audit Committees: Practical guidance for Local Authorities and Police 2022 edition – Chartered Institute of Public Finance and Accountancy

4.3 Audit Committee, 22 March 2024: Audit Committee Improvement Plan

Audit Committee

Terms of Reference

Description

The Audit Committee (the Committee) is a politically balanced Non-Executive Committee of Council. The Committee is necessary to satisfy the requirements of the Accounts and Audit (England) Regulations 2015 and Section 151 of the Local Government Act 1972, and fulfil certain requirements of the Local Audit and Accountability Act 2014. The Committee is accountable to Council and will report annually to Council ~~on its activities during the previous year~~ as set out below.

To ensure compliance with the Accounts and Audit (England) Regulations 2015 and Section 151 of the Local Government Act 1972 the Committee operates within the relevant sections of:

- Audit Committee – Practical Guidance for Local Authorities and Police 20~~18~~22 (CIPFA)
 - Position Statement on Local Authority Audit Committees 2022 (CIPFA)
 - Financial Management Code 2020 (CIPFA)
 - Treasury Management in the Public Services Codes of Practice 2021 and Guidance Notes 2022 (CIPFA)
 - Delivering Good Governance in Local Government (CIPFA)
 - Relevant Internal Audit Standards (RIAS)
 - a new standard the Global Internal Auditing Standard (the Standard) was issued in January 2024 for implementation by January 2025
 - the Code of Practice on Managing the Risk of Fraud and Corruption 2014 (CIPFA)
 - ~~the Public Sector Internal Audit Standards 2017 (IIA and CIPFA)~~
 - ~~the Local Government Application Note 2019 on PSIAS (CIPFA)~~
- and Risk Management Frameworks.

Purpose

The purpose of the Audit Committee is to:

- (a) provide an independent and high-level focus on the adequacy of governance, risk and control arrangements, giving greater confidence to all those charged with governance that those arrangements are effective
- ~~(b) provide independent assurance to those charged with governance of the adequacy of the risk management framework and the internal control environment~~
- ~~(c) provide independent review of the Council's governance, risk management and control frameworks~~
- (b) oversee the financial reporting and annual governance processes.
- (c) oversee internal audit and external audit, together with the financial and governance reports helping to ensure there are adequate efficient and effective assurance arrangements ~~are~~ in place for both internal challenge and public accountability
- (d) consider assurance of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment including emphasis on:

- Governance risks around high level financial strategy and reserves
 - Governance risks connected to asset realisation
 - Governance of Capital Programme and projects
 - Value for Money and Delivering Objectives
 - Governance of linked incorporated bodies
- (e) ~~oversee~~ review and advise on proposed and actual changes to the Council's policies and procedures pertaining to governance.

Objectives

The Audit Committee will:

Audit Committee Accountability Arrangements

- (a) Report annually to Council on the work of the Committee and the Committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose during the previous year, including a conclusion on the compliance with the CIPFA Position Statement.
- (b) Report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.

Governance, Risk & Control

- (c) review the Council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance
- (d) consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements
- (e) receive and consider the results of reports from external inspectors, ombudsman and similar bodies and from statutory officers
- (f) monitor the effective development and operation of risk management in the Council
- (g) monitor progress in addressing risk-related issues reported to the committee
- (h) consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions
- (i) review the assessment of fraud risks and potential harm to the Council from fraud and corruption
- (j) monitor the counter-fraud strategy, actions and resources
- (k) review the governance and assurance arrangements for Council owned companies, significant partnerships or other collaborations, including reports of companies assurance

Arrangements for Audit and Assurance

- (l) consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council

External Audit

- (m) support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by the Public Sector Audit Appointments Limited (PSAA) or the authority's auditor panel as appropriate

- (n) consider the external auditor's annual letter, relevant reports and the report to those charged with governance
- (o) consider specific reports as agreed with the external auditor
- (p) comment on the scope and depth of external audit work and to ensure it gives value for money
- (q) To consider additional commissions of work from external audit
- (r) advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies
- (s) To provide External Auditors with free and unfettered access to the audit committee chair, including the opportunity for a private meeting with the committee

Internal Audit

- (t) To approve the internal audit charter including internal audit rights to documents, records, information, and explanations set out in the Accounts and Audit Regulations.
- (u) To consider any impairments to the independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments.
- (v) To make appropriate enquiries of ~~both~~ management and the ~~Chief Audit Executive~~ head of internal audit¹ to determine if there are any concerns regarding organisational independence of the ~~Internal Audit activity, senior management support, inappropriate scope or resource limitations~~
- (w) To approve the risk-based internal audit plan, including Internal Audit resource capabilities and the approach to using other sources of assurance and any work required to place reliance upon those other sources
- (x) To approve significant interim changes to the risk-based internal audit plan and resource requirements if any.
- (y) consider summaries of specific internal audit reports as requested.
- (z) To contribute to the QAIP and in particular to ~~oversee~~ ensure that an external quality assessment of internal audit that takes place at least once every five years
- (aa) To consider the head of internal audit's annual report, including:
 - a. The results from the internal audit Quality Assurance and Improvement Programme (QAIP) including the level of conformance to relevant internal auditing standards, compliance with laws and regulations and plans for improvement
 - b. the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control, together with the summary of the work supporting the opinion.
- (bb) To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

Finance and Governance reporting

- (cc) review and approve the publication of the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been

¹ As defined by Audit Committee – Practical Guidance for Local Authorities and Police 2022 (CIPFA)

- followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council
- (dd) consider the external auditor’s report to those charged with governance on issues arising from the audit of the accounts
 - (ee) effectively scrutinise, review and monitor treasury management strategies and policies including compliance with CIPFA Codes, ~~in accordance with guidance issued to local authorities, and make appropriate recommendations to the responsible body~~
 - (ff) review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit’s opinion on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control
 - ~~(gg) consider the exercise of officers’ statutory responsibilities and of functions delegated to officers~~
 - (hh) consider any appeals made by an employee against decisions made by the Appointments and Conditions of Service Committee relating to a grievance made against the Chief Executive. Members involved in considering these will not be able to participate in any further consideration of the matter at other committees.
 - (ii) To review the annual audit plan for EMSS including resource requirements and make recommendation(s) to the EMSS Joint Committee
 - (jj) Consider Head of Internal Audit’s report(s) which will include updates on the internal audit plan including conclusions and key findings, assurance, advice, insights and monitoring results, issues of concern and actions in hand as a result of the internal audit work.
 - ~~(kk) approve the Council’s Statement of Accounts and associated governance and accounting policy documents.~~

Table 1: Duties Of The Board (Audit Committee) Mandated By PSIAS	
PSIAS ref	Duty of the Board
1110	Approve decisions relating to the appointment and removal of the Chief Audit Executive
1110	The chair to provide feedback for the Chief Audit Executive’s performance appraisal
	Make appropriate enquiries of the management and the Chief Audit Executive to determine whether there are inappropriate scope or resource limitations
1130	Approve significant additional consulting services agreed during the year and not already included in the audit plan, before the engagement is accepted
1320	Receive the results of the Quality Assurance and Improvement Programme from the Chief Audit Executive
2020 & 2030	Receive communications from the Chief Audit Executive on internal audit’s audit plan and resource requirements including the approach to using other sources of assurance, the impact of any resource limitations and other matters
2060	Receive communications from the Chief Audit Executive on the internal audit activity’s purpose, authority, responsibility and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board.

Table 1: Duties Of The Board (Audit Committee) Mandated By PSIAS	
PSIAS ref	Duty of the Board
2600	Receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

Membership and Chairing

The Audit Committee has 9 councillor members and up to 2 external independent members.

Members of the Executive are excluded from membership of the Committee.

The Chair of the Committee will be appointed by Full Council at its Annual General Meeting. If the Chair changes in year, the Committee will appoint a Chair for the remainder of the Municipal Year at its next available meeting.

Directors of any of the Council's Group of companies cannot be a member of the Committee.

External independent members will have full voting rights.

Substitutes

Councillor substitute members are permitted for this Committee.

Independent member substitutes are not permitted for this Committee.

Quorum

The standard quorum for Council committees applies to this Committee.

Frequency of Meetings

The Audit Committee will usually meet six times per year.

Duration

There is no limit on the lifespan of the Audit Committee.

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The Terms of Reference have been restructured and much of the text remains unchanged but has moved to a different section. The table below details where each moved paragraph used to fall under the previous terms of reference and where they now sit within the revised version.

Current ToR	Proposed revised ToR
Purpose	Purpose
b	Objective b
c	Incorporated into Purpose a)
Objectives:	Objectives:
a	c
b	ee
c	d
d	l
e	e
f	f
g	g
h	h
i	i
j	j
k	k
l	q
m	Falls within arrangements for assurance (not separately specified).
n	Falls within arrangements for assurance (not separately specified).
o	ee
p	hh
q	cc
r	dd
s	cc
t	m
u	n
v	o
w	p
x	r
y	Contents of table now included in body of ToR.
z	aa
aa	y
Table of Duties	Table of Duties
1	t
2	w & x
4	v
7	s and bb
8	u
10	z

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- (aa) To consider the head of internal audit's annual report, including:
 - a. The results from the internal audit Quality Assurance and Improvement Programme (QAIP) including the level of conformance to relevant internal auditing standards, compliance with laws and regulations and plans for improvement
 - b. the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control, together with the summary of the work supporting the opinion.
- (bb) To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

Finance and Governance reporting

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- taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control
- (gg) consider any appeals made by an employee against decisions made by the Appointments and Conditions of Service Committee relating to a grievance made against the Chief Executive. Members involved in considering these will not be able to participate in any further consideration of the matter at other committees.
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 - (ii) Consider Head of Internal Audit's report(s) which will include updates on the internal audit plan including conclusions and key findings, assurance, advice, insights and monitoring results, issues of concern and actions in hand as a result of the internal audit work.

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Councillor substitute members are permitted for this Committee.

Independent member substitutes are not permitted for this Committee.

Quorum

The standard quorum for Council committees applies to this Committee.

Frequency of Meetings

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Duration

There is no limit on the lifespan of the Audit Committee.

Agenda Item 9

Audit Committee – 26 July 2024

Title of paper:	Statement of Accounts Progress Update	
Director(s)/ Corporate Director(s):	Ross Brown, Corporate Director of Finance and Resources and Section 151 Officer Shabana Kausar, Director of Finance and Deputy S151 Officer	Wards affected: All
Report author(s) and contact details:	Glenn Hammons, Interim Finance Lead – Technical Finance	
Other colleagues who have provided input:	David Bennett, Interim Closedown Lead	
Does this report contain any information that is exempt from publication? No		
Brief Summary The Audit Committee is responsible for approving the audited accounts, this report looks to provide a formal update on the progress the Council is making with its statement of accounts relating to 2019/20 to 2023/24. The key areas covered in the report are: <ul style="list-style-type: none"> • Progress update on the outstanding accounts and expected timeline for completion • An update on the risks including the latest position on the national response to the local government audit delays and its impact on the Council. 		
Recommendation(s):		
1	To take assurance the current position with the Statement of Accounts for the years 2019/20 through to 2023/24.	
2	To note the impact on the Council in meeting the proposed national backstop date due to external audit opinion for the draft 2019/20 Statement of Accounts scheduled to be presented to Audit Committee in September 2024.	
3	To take assurance from the indicative timeline and associated risks for publishing the Statement of Accounts for financial years 2019/20, 2020/21 and 2021/22 to meet the proposed national backstop dates as set out in Section 3.6	
4	To note that, from the revised indicative timeline and associated risks draft Statement of Accounts for the financial year 2022/23, will not meet the proposed national backstop date as set out in Section 3.6 and a revised timeline has been identified.	
5	To take assurance from the progress, indicative timeline and associated risks for publishing the Statement of Accounts for financial year 2023/24 as set out in Section 3.7	
6	To note that the draft Statement of Accounts for 2020/21, 2021/22 and 2022/23 will be published by officers for public consultation following consultation with the Chair.	

1 Reasons for recommendations

1.1 The Audit Committee's terms of reference include to:

Financial Reporting

- (a) review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council

- (b) consider the external auditor’s report to those charged with governance on issues arising from the audit of the accounts
- (c) approve the Council’s Statement of Accounts and associated governance and accounting policy documents.

1.2 As the Audit Committee is responsible for reviewing and approving the audited accounts, this report looks to provide a formal update on the progress the Council is making with its statement of accounts relating to 2019/20 to 2023/24.

2 Background

2.1 As previously reported to the Committee the Council has experienced delays with the audit of its 2019/20 accounts due to issues with property valuations for specialist assets and with subsidiary company figures required for group accounts. It currently has four sets of accounts that should have already been published with audit opinions. These are 2019/20, 2020/21, 2021/22 and 2022/23. In addition, the Council is working on the production of the 2023/24 draft accounts.

2.2 The Council’s 2018/19 Statement of Accounts were approved by the Audit Committee on 26 March 2021 for which Grant Thornton issued their audit opinion on the same day enabling the accounts to be formally published.

2.3 Grant Thornton originally commenced audit work on 2019/20’s accounts in 2020 after work on the 2018/19 Statements concluded, but they decided to withdraw in early 2021 to allow the Council to amend the draft for a number of emerging issues including the need to obtain valuations for specialist assets and to finalise figures for a former subsidiary company which was in administration. As set out below these issues have been responded to by the Council, and the audit is continuing.

3. Accounts Progress

3.1 Revisions were made to the 2019/20 accounts to incorporate the revised valuation information for specialist assets, to amend group accounts, to adjust for issues with the Housing Revenue Account and to address other issues identified during the audit. The updated draft accounts for 2019/20 were provided to Grant Thornton in November 2023. Table 1 below provides a summary of the latest position with regards to the outstanding draft accounts. Appendix 1 provides a detailed progress position for each year.

Table1: Expected Progress of Producing Outstanding Accounts to end of June 2024

Financial Year	Producing Outstanding Accounts	Progress as at 5 July 2024	Expected Progress to end of July 2024
2019/20	<p>All requests received have been responded to by the Council.</p> <p>Revised draft accounts submitted to Grant Thornton on 8 November 2023 incorporating all identified changes at that time.</p> <p>Grant Thornton are progressing the Accounts through their Quality Assurance processes.</p>	100%	100%
2020/21	Audit not yet commenced.	100%	100%

Financial Year	Producing Outstanding Accounts	Progress as at 5 July 2024	Expected Progress to end of July 2024
	Revised draft accounts were completed in December 2023.		
2021/22	Audit not yet commenced. Draft accounts were completed in May 2024.	100%	100%
2022/23	Audit not yet commenced. Draft accounts are expected to be ready for publication by early August 2024.	85%	95%

3.2 It should be noted there is the risk that if there are any further changes required to the draft 2019/20 Accounts, they are also likely to require changes to subsequent years draft Accounts. These changes will take time to process through the statements.

3.3 The Council has prepared a plan for publishing the draft Accounts for all outstanding years. This includes reporting to Audit Committee and public inspection. The finalisation of this plan is dependant upon the conclusion of the 2019/20 audit process and the national proposals to address the local government audit backlog (as set out in Paragraph 3.6).

3.4 Public Inspection Requirements

3.4.1 Periods of public inspection are a legal requirement. The accounting records have to be open to members of the public for a period of 30 working days under the Accounts and Audit Regulations. This period will still need to be observed for all outstanding years except for 2019/20 which was open from 1 September to 12 October 2020 inclusive.

3.4.2 Ideally, once the audit of the 2019/20 Draft Accounts has been finalised the Council is planning to make subsequent draft accounts available for public inspection. However, to meet the proposed timetable for meeting the backstop dates in the national proposals to address the audit backlog the Council may need to publish draft accounts for public inspection in advance of the 2019/20 accounts having an audit opinion from Grant Thornton. Whilst it is not a requirement of the Regulations, in order to be able to meet the proposed backstop dates, the intention would be to publish the draft Accounts for public inspection following consultation with the Audit Committee Chair and then to report draft accounts to Audit Committee at the earliest opportunity during the public inspection period.

3.5 Audit Conclusion of 2019/20 Accounts

3.5.1 At the June meeting of Audit Committee Grant Thornton stated they would present their Audit Findings Report for 2019/20 to the Committee in September. At present the meeting in September is scheduled for the last week of the month. To assist in a timely conclusion to the 2019/20 audit the Committee may wish to pursue the option of holding an additional meeting in early September to consider Grant Thornton's Audit Finding Report alongside the Council's Draft Accounts for 2019/20.

3.6 Addressing the Local Government Audit Backlog

- 3.6.1 As the Committee will be aware following reports at previous meetings the Government published a cross-system statement on proposals to clear the backlog and embed timely audits.
- 3.6.2 The latest position is that the two consultations (DLUHC and National Audit Office) closed on 7 March 2024. The Council submitted a response to the DLUHC consultation which was primarily focussed on issues for local authorities. The National Audit Office consultation was in relation to proposed changes to the Auditors Code. A further consultation from CIPFA on technical changes to the Accounting Code to support the implementation of the proposals concluded on 28 March 2024.
- 3.6.3 The outcome of the consultation, including revised Regulations and guidance, is still awaited. The required changes to Regulations were not laid prior to Parliament being dissolved ahead of the General Election. It is therefore expected the required changes to Regulations, which may lead to the proposed backstop date being amended from those in the consultation, will be delayed to a date in the future.
- 3.6.4 The National Audit Office issued an update to auditors which is set out below:

Considering the impacts of the general election on 4 July 2024

1. Auditors will be aware that on 22 May, the Prime Minister called a general election for 4 July. As a result, Parliament was dissolved on 30 May. This means that the proposals consulted upon by the NAO and DLUHC respectively for changes to the Code of Audit Practice and the introduction of statutory publication deadlines for audited accounts ('backstop' dates) cannot proceed until a new Parliament is formed and the new government has had the opportunity to consider whether it wishes to proceed with the proposals.
 2. Until then, auditors should continue to follow the current Code of Audit Practice. Where auditors are planning to complete audits, they should continue to make every effort to do so and as soon as possible.
 3. As information on the new government's policy for local audit in England becomes available the C&AG will keep the need for further guidance under review. He will also consider the timetable for a new Code of Audit Practice which will have to be in place by March 2025 as the current Code reaches the end of its five-year life.
 4. Until the new government has a policy position on the future of local audit in England it is not possible to provide any further clarity to auditors on next steps above and beyond what is set out in this SGN.
- 3.6.5 CIPFA announced on 3 July 2024 that it has revoked plans to make planned short-term changes to the Code of Accounting Practice, which were intended to help the achievement of compulsory deadlines for all outstanding local authority audits in England.

Indicative Timeline for Meeting Backstop Dates for Outstanding Accounts

- 3.6.6 Since the announcement of the proposed backstop dates for Phase 1: Reset, covering all outstanding Accounts up to and including 2022/23, the Council has been considering the timeline for preparing draft accounts, undertaking the mandatory 30 day public inspection requirements, achieving approval/sign off from the Section 151 Officer/Audit Committee and receiving an external audit opinion.
- 3.6.7 The table below provides an initial and indicative timeline for key milestones for achieving the proposed backstop date. It should be noted the milestones are based on the proposed back stop date of end of September 2024 which are increasingly becoming difficult to achieve for the Council:

Milestone	2019/20 Accounts	2020/21 Accounts	2021/22 Accounts	2022/23 Accounts
Audit Committee Chair Approval to Release Draft Accounts for Public Inspection	Complete	July / August 2024	July / August 2024	September 2024
Public Inspection Period	Complete	August / September 2024	August / September 2024	October / November 2024
Audit Committee Consider Approval	Early September 2024	27 September 2024	27 September 2024	November / December 2024
External Audit Opinion	TBC			
Proposed Backstop Date (not yet confirmed)	30 September 2024 (date likely to change)			

3.6.8 The key issue for the Council to meet the proposed backstop date will be a timely conclusion to the 2019/20 audit and an opinion from Grant Thornton being provided. Once this has been achieved it will enable the 2020/21, 2021/22 and 2022/23 draft accounts to be prepared with confidence that there will be no further changes to incorporate arising from the 2019/20 audit.

3.6.9 In line with the table highlighting Accounts Progress in 3.1 above, the 2022/23 draft Statement of Accounts will not be completed until August 2024 and with the 30 day public inspection period requirements, it will now no longer be possible to achieve Audit Committee approval by the proposed backstop dates.

3.6.10 If an audit opinion for 2019/20 is not forthcoming from Grant Thornton at the September Audit Committee, it will not be possible for the Council to achieve the proposed 30 September 2024 backstop date for any years of accounts up to and including 2022/23.

3.6.11 It should be noted there are a number of risks to this indicative timeline. These include:

- The timely conclusion of an audit opinion being issued for 2019/20
- Finalisation of the national backstop dates and related requirements/guidance being formally approved and published
- The risks identified in paragraph 3.8.3 below in relation to the Council's outstanding accounts.

3.7 Closedown and Draft Accounts 2023/24

3.7.1 Preparations for the closure and preparation of the Accounts for 2023/24 have commenced. The indicative timeline for key dates as they currently stand are set out in the table below:

Milestone	2023/24 Accounts
Outturn transactions recorded on ledger	Complete
Provisional Outturn Report considered by Executive Board	Complete (Executive Board June 2024)
Draft Accounts Published	31/10/24
Public Inspection	November / December 2024
External Audit	July / August 2024, and November 2024 to May 2025
Audit Committee Consider Approval	April or May 2025

Milestone	2023/24 Accounts
Proposed Backstop Date	31/5/25

3.7.2 The preparation and production of the 2023/24 Draft Accounts are being completed at the same time as the Council is working towards the proposed backstop dates for the outstanding Accounts as set out in 3.6 above. To provide maximum opportunity for meeting the 31 October 2024 date for publishing the draft Accounts for 2023/24 there is a clear window planned from the proposed backstop date of 30 September 2024.

3.7.3 The Council's is working closely with Grant Thornton with regards to their preparation and planning work for the 2023/24 accounts audit. The audit planning work has commenced and includes a review of the IT environment, a walkthrough of business processes and the provision of information to inform a risk assessment of the audit.

3.8 Risk Assessment

3.8.1 As set out above good progress has been, and continues to be, made towards clearing the outstanding accounts.

3.8.2 Since the submission of the draft 2019/20 Accounts to Grant Thornton in November 2023 work has progressed significantly to resolve issues and produce draft accounts for 2020/21, 2021/22, 2022/23 and 2023/24.

3.8.3 However, the achievement of these timelines is heavily dependent upon number of factors, including the:

- Volume of further queries and an audit opinion from Grant Thornton in relation to the 2019/20 draft accounts,
- Confirmation of the timing, and outcome of the consultation, of proposed backstop dates and related guidance at a national level to address the backlog in local government audit as outlined,
- Staffing capacity and skills. The Council has skilled permanent and temporary staff preparing the outstanding accounts. These are staff with highly specialised skill sets and there is a shortage of these skill sets in the market. If any of these staff were to leave or be unavailable it would impact on the Council's ability to achieve the timelines.

4 Background papers other than published works or those disclosing exempt or confidential information

4.1 None.

5 Published documents referred to in compiling this report

5.1 Statement of Accounts Update reports to Audit Committee in last 12 months:

- 28 July 2023 - [WARDS AFFECTED: All \(nottinghamcity.gov.uk\)](https://www.nottinghamcity.gov.uk)
- 29 September 2023 - [WARDS AFFECTED: All \(nottinghamcity.gov.uk\)](https://www.nottinghamcity.gov.uk)
- 24 November 2023 – [WARDS AFFECTED: All \(nottinghamcity.gov.uk\)](https://www.nottinghamcity.gov.uk)
- 23 February 2024 – [WARDS AFFECTED: All \(nottinghamcity.gov.uk\)](https://www.nottinghamcity.gov.uk)
- 22 March 2024 - [WARDS AFFECTED: All \(nottinghamcity.gov.uk\)](https://www.nottinghamcity.gov.uk)
- 28 June 2024 - [WARDS AFFECTED: All \(nottinghamcity.gov.uk\)](https://www.nottinghamcity.gov.uk)

5.2 Consultation on Addressing The Local Audit Backlog:

- Government (DLUHC) - [Addressing the local audit backlog in England: Consultation - GOV.UK \(www.gov.uk\)](#)
- National Audit Office - [Code of Audit Practice Consultation - National Audit Office \(NAO\)](#)
- Chartered Institute of Public Finance Accountants (CIPFA) - [Consultation on short term England only measures in the Code | CIPFA](#)

Appendix 1 – Statement of Accounts Progress for Years 2019/20, 2020/21, 2021/22 and 2022/23

Accounts Progress as at 9 July 2024

Year	Accounts Publication		Ledger	As Previously Reported in June 2024		Actual position as at 9 July 2024	
	Original Audited Accounts publication date ¹	Current position		Progress Status production of draft accounts	Progress (%)	Progress Status production of draft accounts	Progress (%)
2019/20	30 November 2020	Draft published 28 August 2020 <i>Public inspection completed in September/October 2020</i>	All required entries input by 30 September 2023.	<p>Audit Queries Status: All requests received have been responded to by the Council.</p> <p>Updated draft accounts submitted to Grant Thornton on 8 November 2023.</p> <p>Grant Thornton continue to progress through their internal quality assurance and review processes.</p>	100%	<p>Audit Queries Status: All requests received have been responded to by the Council.</p> <p>Updated draft accounts submitted to Grant Thornton on 8 November 2023.</p> <p>Grant Thornton continue to progress through their internal quality assurance and review processes.</p>	100%
			<p>Accounts Progress: All changes have been made to the Draft Accounts, including prior year changes affecting 2019/20.</p>	<p>Accounts Progress: All changes have been made to the Draft Accounts, including prior year changes affecting 2019/20.</p>			
			<p>Draft Accounts Submission: Revised draft accounts submitted to Grant Thornton on 8 November 2023.</p>	<p>Draft Accounts Submission: Revised draft accounts submitted to Grant Thornton on 8 November 2023.</p>			

¹ per Accounts & Audit Regulations

Appendix 1 – Statement of Accounts Progress for Years 2019/20, 2020/21, 2021/22 and 2022/23

Year	Accounts Publication		Ledger	As Previously Reported in June 2024		Actual position as at 9 July 2024	
	Original Audited Accounts publication date ¹	Current position		Progress Status production of draft accounts	Progress (%)	Progress Status production of draft accounts	Progress (%)
2020/21	30 November 2021	Unsigned draft published 30 July 2021 Revised draft accounts complete but not yet published. <i>Public inspection not yet opened</i>	All ledger entries were completed by end September 2023.	Audit Queries Status: Audit not yet commenced. Proposed national backstop dates likely to mean no audit is undertaken.	100%	Audit Queries Status: Audit not yet commenced. Proposed national backstop dates likely to mean no audit is undertaken.	100%
				Accounts Progress: Revised draft accounts have been prepared and reflect the changes included in the Draft 2019/20 Accounts.		Accounts Progress: Revised draft accounts have been prepared and reflect the changes included in the Draft 2019/20 Accounts.	
				Draft Accounts Submission: Draft Accounts have been produced and are awaiting finalisation of the 2019/20 audit. Public Inspection expected during July/August. Draft to Audit Committee in July with approval in September. Proposed national backstop dates for publishing of Accounts is 30 September 2024.		Draft Accounts Submission: Draft Accounts have been produced and are awaiting finalisation of the 2019/20 audit. Public Inspection and consideration by Audit Committee expected once 2019/20 audit is complete. Proposed national backstop dates for publishing of Accounts is 30 September 2024 (subject to confirmation).	
2021/22	30 September 2022	Draft accounts are complete but not yet published (was due 30 July 2022) <i>Public inspection not yet opened</i>	All ledger entries were completed by end May 2024.	Audit Queries Status: Audit not yet commenced. Proposed national backstop dates likely to mean no audit is undertaken.	100%	Audit Queries Status: Audit not yet commenced. Proposed national backstop dates likely to mean no audit is undertaken.	100%
				Accounts Progress: Revised draft accounts have been prepared.		Accounts Progress: Revised draft accounts have been prepared.	
				Draft Accounts Submission: Draft Accounts have been produced and are awaiting finalisation of the 2019/20 audit. Public Inspection expected during July/August. Draft to Audit Committee in July with approval in September. Proposed national backstop dates for publishing of Accounts is 30 September 2024.		Draft Accounts Submission: Draft Accounts have been produced and are awaiting finalisation of the 2019/20 audit. Public Inspection and consideration by Audit Committee expected once 2019/20 audit is complete. Proposed national backstop dates for publishing of Accounts is 30 September 2024 (subject to confirmation).	

Appendix 1 – Statement of Accounts Progress for Years 2019/20, 2020/21, 2021/22 and 2022/23

Year	Accounts Publication		Ledger	As Previously Reported in June 2024		Actual position as at 9 July 2024	
	Original Audited Accounts publication date ¹	Current position		Progress Status production of draft accounts	Progress (%)	Progress Status production of draft accounts	Progress (%)
2022/23	30 September 2023	No draft yet produced <i>(was due 30 May 2023)</i>	Initial close of ledger complete and majority of accounting entries included.	<p>Audit Queries Status: Audit not yet commenced. Proposed national backstop dates likely to mean no audit is undertaken.</p> <p>Accounts Progress: Draft accounts are expected to be ready by end July 2024.</p> <p>Draft Accounts Submission: Draft accounts are expected to be ready by end July 2024. Public Inspection expected during July/August. Audit Committee in September for approval. Proposed national backstop dates for publishing of Accounts is 30 September 2024.</p>	85%	<p>Audit Queries Status: Audit not yet commenced. Proposed national backstop dates likely to mean no audit is undertaken.</p> <p>Accounts Progress: Draft accounts are expected to be ready by end July 2024.</p> <p>Draft Accounts Submission: Draft accounts are expected to be ready by end July 2024. Public Inspection and consideration by Audit Committee expected once 2019/20 audit is complete. Proposed national backstop dates for publishing of Accounts is 30 September 2024 (subject to confirmation).</p>	95%

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