

Audit Committee – 22 March 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		
Recommendation(s):		
1.	To note the current position with the Statement of Accounts for the years 2019/20 through to 2023/24.	
2.	To note the indicative timeline and associated risks for publishing the Statement of Accounts for financial years 2020/21, 2021/22 and 2022/23 to meet the proposed national backstop dates as set out in Section 3.7.	
3.	To note the indicative timeline and associated risks for publishing the Draft Statement of Accounts for 2023/24 to ensure the outstanding accounts from previous years can be completed ahead of the proposed national backstop dates as set out in Section 3.8.	

1. Reasons for recommendations

1.1 As 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.

2. Background (including outcomes of consultation)

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. The Improvement and Assurance Board (IAB) has issued a directive that the outstanding issues with these accounts should be resolved by 30 September 2023.

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. These accounts were due to be published by 30 September 2019 but were delayed due to a conclusion being reached with regards to the value for money reported at the same meeting.

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.

3. Accounts Progress

3.1 The Council have recruited additional temporary staffing resources to support the Technical Finance team with the production of accounts, with the additional team members joining through June 2023. At the end of September 2023 and in March 2024 a number of the temporary staff supporting the production of accounts left the Council when their contracts expired. These staff have been replaced, or are being replaced, with new resources.

3.2 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.

3.3 Appendix 1 provides a detailed progress against each year whilst the table below provides a summary overview of both the expected position to end of February 2024 and current position as at the 2 February 2024 in resolving audit queries with regards to accounting years 2019/20 to 2022/23.

Table1: Expected Progress of Resolving Audit Queries to end of March 2024

Financial Year	Audit Queries	Progress as at 8 March 2024	Expected Progress to end of March 2024
2019/20	All requests received have been responded to by the Council. Revised draft accounts submitted to Grant Thornton on 8 November 2023 incorporating all identified changes at that time. Grant Thornton are progressing the Accounts through their Quality Assurance processes.	100%	100%
2020/21	Audit not yet commenced. Revised draft accounts were completed in December 2023.	100%	100%
2021/22	Audit not yet commenced. Draft accounts are expected to be ready for publication by mid-April 2024.	85%	95%
2022/23	Audit not yet commenced. Draft accounts are expected to be ready for publication by mid June 2024.	55%	65%

3.4 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.

3.5 The Council is preparing 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 3.9).

3.6 **Public Inspection Requirements**

3.6.1 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.

3.6.2 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. Ahead of public inspection commencing the draft accounts would be reported to Audit Committee.

3.7 **Addressing the Local Government Audit Backlog**

3.7.1 As the Committee will be aware following briefings at previous meetings the Government published a cross-system statement on proposals to clear the backlog and embed timely audits.

3.7.2 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 to the Accounting Code to support the implementation of the proposals was launched on 6 March 2024. The Council is working through the impact of proposals in this consultation and will respond accordingly ahead of the deadline on 28 March 2024.

Indicative Timeline for Meeting Backstop Dates for Outstanding Accounts

3.7.3 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.

3.7.4 The table below provides an initial and indicative timeline for key milestones for achieving these backstop dates:

Milestone	2019/20 Accounts	2020/21 Accounts	2021/22 Accounts	2022/23 Accounts
Public Inspection Period	Complete	May 2024	May 2024	June/July 2024
Audit Committee Consider Approval	May or 28/6/24	28/6/24	28/6/24	26/7/24 or Early Sept
External Audit Opinion	TBC			
Proposed Backstop Date	30 September 2024			

3.7.5 The key issue for the Council to meet the proposed backstop date of 30 September 2024 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. To achieve this an Audit Committee meeting may be required in May 2024 to consider Grants Thornton's Audit Findings Report/Opinion for 2019/20 and approve the Draft Accounts for 2019/20. If for any reason Grant Thornton's report and opinion is not presented at a meeting in May it is advised the Committee consider the Draft 2019/20 Accounts alongside Draft Accounts for 2020/21 and 2021/22 at its June meeting to ensure progress towards meeting the back stop dates. The Draft Accounts for 2022/23 are anticipated to be considered at the July meeting of the Committee. However, the timeline is very tight to achieve the July meeting for the 2022/23 Accounts and an additional meeting maybe required in early September.

3.7.6 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 3.9.4 below in relation to the Council's outstanding accounts.

3.8 Preparation for Closedown and Draft Accounts 2023/24

3.8.1 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	End May 2024
Provisional Outturn Report considered by Executive Board	July 2024
Draft Accounts Published	31/10/24
Public Inspection	November 2024
External Audit	November 2024 to May 2025
Audit Committee Consider Approval	April or May 2025
Proposed Backstop Date	31/5/25

3.8.2 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 3.7 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. It should be noted the current deadline as per the Regulations is 31 May 2024 to publish the draft Accounts. However, this date is under review as part of the national proposals for addressing the local audit backlog. The reason for the Council working to a 31 October 2024 date is to provide sufficient time to meet the proposed backstop date for the outstanding accounts and prepare draft accounts for 2023/24.

3.8.3 The Council's is working closely with Grant Thornton with regards to their preparation and planning work for the 2023/24 accounts audit. The planning work currently being undertaken 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. In addition members of the Council's finance team have attended closedown workshops provided by Grant Thornton.

3.9 Risk Assessment

3.9.1 The Finance team have worked diligently to meet the direction from the IAB to resolve all known issues for 2019/20, 2020/21 and 2021/22 accounts by 30 September 2023. Following the additional queries received from Grant Thornton in August and September 2023, the finance team were not be able to produce draft accounts for these years by end of September 2023, therefore not meeting the direction completely. The non-delivery of the direction is not due to the finance team not being able to resolve audit queries but due to the fact that new queries are emerging as Grant Thornton review the revised set of 2019/20 accounts and responses to their earlier queries.

3.9.2 As set out above good progress towards meeting the objective has been made since November 2023. The draft accounts document for 2019/20 was delivered to Grant Thornton on 8 November and the update to the draft accounts document for 2020/21 has been completed.

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

3.9.4 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,
- Timing and delivery of the external audit for 2020/21 and subsequent years 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. Finance colleague comments (including implications and value for money/VAT)

4.1 The scale fees due to be paid to the External Auditor are set by Public Sector Audit Appointments and are as follows:

	£
2019-20	132,531
2020-21	132,531
2021-22	141,531
2022-23	141,531
2023-24	603,891

4.2 In addition, Grant Thornton indicated in their Audit Plan for 2019-20 brought before the Audit Committee at their meeting on 28 February 2020 that there would be additional fees of £27,350 to be paid. Discussions between the Council, Public Sector Audit Appointments and Grant Thornton have resulted in the additional fees being increased to £92,350 to reflect the issues encountered through the audit.

4.3 As part of the proposals to address the local audit delays the Public Sector Audit Appointments (PSAA) are to consider the approach for financial years when a full audit has not been undertaken. Further update will be reported to Audit Committee once further details has been published.

5. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

5.1 None.

6. Published documents referred to in this report

6.1 None.

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

Accounts Progress as at 8 March 2024

Year	Accounts Publication		Ledger	As Previously Reported in February 2024		Actual position as at 8 March 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

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	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 <i>Public inspection not yet opened</i>	All ledger entries were completed by end September 2023.	Audit Queries Status: Audit not yet commenced.	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.		Draft Accounts Submission: Draft Accounts have been produced and are awaiting finalisation of the 2019/20 audit. Proposed national backstop dates for publishing of Accounts is 30 September 2024.	
2021/22	30 September 2022	No draft yet produced <i>(was due 30 July 2022)</i>	Initial close of ledger complete. Data cleansing work undertaken. Majority of accounting entries included. Particular focus has been to ensure the opening/closing balances are correctly transferred between 2020/21 and 2021/22 when the new financial system was implemented	Audit Queries Status: Audit not yet commenced	80%	Audit Queries Status: Audit not yet commenced. Proposed national backstop dates likely to mean no audit is undertaken.	85%
				Accounts Progress: Draft accounts for publication are now anticipated to be ready in early January 2024 due to new audit queries received in August and October 2023 in relation to 2019/20.		Accounts Progress: Draft accounts for publication are now anticipated to be ready by mid April.	
				Draft Accounts Submission: Expected to be produced by early January 2024.		Draft Accounts Submission: Expected to be produced by mid April 2024. Proposed national backstop dates for publishing of Accounts is 30 September 2024.	

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	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, Majority of accounting entries completed. A small number of Fixed Asset related entries to be processed	Audit Queries Status: Audit not yet commenced Accounts Progress: Draft accounts are expected to be ready by end May 2024. Draft Accounts Submission: Draft accounts are expected to be ready by end May 2024.	50%	Audit Queries Status: Audit not yet commenced. Proposed national backstop dates likely to mean no audit is undertaken. Accounts Progress: Draft accounts are expected to be ready by mid June 2024. Draft Accounts Submission: Draft accounts are expected to be ready by mid June 2024. Proposed national backstop dates for publishing of Accounts is 30 September 2024.	55%