

Audit Committee – 14 February 2025

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| Title of paper: | Statement of Accounts 2023/24 | |
| Director(s)/ Corporate Director(s): | Stuart Fair, Interim Corporate Director of Finance and Resources and Section 151 Officer Clare Williams, Interim Director of Finance and Deputy S151 Officer | Wards affected: All |
| Report author(s) and contact details: | Glenn Hammons, Interim Assistant Director – 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 brings forward the Statement of Accounts, Annual Governance Statement and Management Representation Letter 2023/24 for consideration and approval. | | |
| Recommendation(s): | | |
| 1 | To consider and approve the Statement Accounts 2023/24 and Annual Governance Statement 2023/24 as set out in Appendix 1; and approve the Management Representation Letter for 2023/24 as set out in Appendix 2. | |
| 2 | To note the Council's progress towards implementing recommendations identified in the Audit Findings Report 2019/20 as set out in Appendix 3. | |
| 3 | To take assurance from the progress, indicative timeline and associated risks for publishing the draft Statement of Accounts for financial year 2024/25 to meet the proposed national backstop dates as set out in Sections 4 and 5. | |

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 focusses on approving the Statement of Accounts 2023/24, Annual Governance Statement 2023/24 and Management Representations Letter 2023/24.

2 Background

- 2.1 As previously reported to the Committee the Council has experienced delays with the audit of its historic accounts. At its meeting in November 2024 the Committee approved the Accounts, Annual Governance Statements and Letters of Representation for the financial years 2019/20, 2020/21, 2021/22 and 2022/23.
- 2.2 The external auditors subsequently undertook the final aspects of their assurance work on these Accounts and issued their audit opinions for each year ahead of the backstop date of 13 December 2024.
- 2.3 The Committee will also be aware of the issues with the local audit system at a national level and the proposals to reset, stabilise and improve the whole system. The following backstop dates were agreed for the completion of each financial year's accounts and external audit opinions:
- Financial year 2023/24: 28 February 2025
 - Financial year 2024/25: 27 February 2026
 - Financial year 2025/26: 31 January 2027
 - Financial year 2026/27: 30 November 2027
 - Financial year 2027/28: 30 November 2028
- 2.4 This report brings forward the 2023/24 Accounts, Annual Governance Statement and Letter of Representation for consideration and approval ahead of the back stop date of 28 February 2025. In addition, there are updates on progress with implementing recommendations from Grant Thornton's Audit Findings Report for 2019/20 and progress in preparing for the 2024/25 closedown and accounts process.

3. Statement of Accounts, Annual Governance Statement and Letter of Representation 2023/24

- 3.1 The Council published its draft Accounts and Annual Governance Statement for 2023/24 on 20 December 2024. These drafts were also submitted to Grant Thornton for audit.
- 3.2 Public Inspection Requirements
- 3.2.1 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.
- 3.2.2 The period of public inspection for the 2023/24 accounts commenced on 23 December 2024 and ran until 5 February 2025 inclusive. It is not a requirement of the Regulations the draft accounts are presented to Audit Committee. However, in accordance with the recommendation approved at the November 2024 Audit Committee the Chair of the Audit Committee was consulted prior to the draft accounts being published for inspection. There were no questions raised during the inspection period, and the Council is not aware of any objections regarding the Accounts that were made to the external auditor.

3.3 Statement of Accounts 2023/24 and External Audit

3.3.1 The external auditors are in the process of undertaking their audit of the draft Accounts for 2023/24. The progress of their work against the Audit Plan considered by Committee in November 2024 and the findings of their work are presented in their Audit Findings Report elsewhere on the agenda.

3.4 Draft Accounts and Annual Governance Statement 2023/24

3.4.1 Following the public inspection outlined in Section 3.2 above, and ahead of the backstop date of 28 February 2025, the Council's draft Statement of Accounts 2023/24 and Annual Governance Statement 2023/24 are ready to be considered by the Committee for approval. These are set out in Appendix 1.

3.5 Draft Management Representation Letter 2023/24

3.5.1 As part of the audit process the External Auditors require written confirmation about the fairness of various elements of the financial statements. This is known as the Letter of Representation. In the letter the Corporate Director for Finance & Resources and those charged with governance on audit matters declare that the financial statements and other presentations to the auditor are sufficient and appropriate and without omission of material facts to the financial statements, to the best of their knowledge.

3.5.2 A copy of the draft Management Representation letter is set out in Appendix 2. The Committee are required to review the letter, consider if there are any changes required and approve the letter.

4. **Closedown and Draft Accounts 2024/25**

4.1.1 Preparations for the closure and production of the Accounts for 2024/25 have commenced. The timeline for key dates as they currently stand are set out in the table below:

| Milestone | 2024/25 Accounts |
|--|----------------------------|
| Provisional Outturn Report considered by Executive Board | June 2025 |
| Draft Accounts Published | 30 June 2025 |
| Public Inspection | July 2025 to August 2025 |
| External Audit | July 2025 to February 2026 |
| Audit Committee Consider Approval | February 2026 |
| Proposed Backstop Date | 27 February 2026 |

4.1.2 The Council have been working closely with Grant Thornton with regards to their preparation and planning work for the 2024/25 accounts audit.

4.1.3 One of the areas of the audit will assesses is the progress the Council is making towards the recommendations made by Grant Thornton's in their Audit Findings Report for 2019/20, presented to Audit Committee in September 2024. The Council provided management responses to these recommendations which were considered by the Committee at their meeting in November 2024. A progress update is contained at Appendix 3.

5. Risk Assessment

- 5.1.1 In recent months the Council has made significant progress towards clearing the outstanding accounts and getting back to a normal time.
- 5.1.2 Since the submission of the draft 2019/20 Accounts to Grant Thornton in November 2023 work has progressed significantly to resolve issues, produce draft accounts and obtain audit opinions for 2019/20, 2020/21, 2021/22 and 2022/23. The 2023/24 draft accounts have been published and an audit opinion is still awaited.
- 5.1.3 The Council still has further work to do to recover the level of assurance from the external audit process and to do this within the backstop date timelines.
- 5.1.4 However, the achievement of the assurance level and timelines is heavily dependent upon number of factors, including the:
- Staffing capacity and skills. The Council has skilled permanent and temporary staff preparing the 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.
 - The organisation complying with the timelines, guidance and processes to prepare the accounts.

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

- 5.1 None.

6 Published documents referred to in compiling this report

- 6.1 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)
- 26 July 2024 - [WARDS AFFECTED: All \(nottinghamcity.gov.uk\)](https://www.nottinghamcity.gov.uk)
- 27 September 2024 - [Statement of Accounts Update.pdf](#)
- 29 November 2024 - [WARDS AFFECTED: All](#)

- 6.2 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](#)

6.3 Ministerial Statement on The Local Audit Backlog (30 July 2024):

- Government Statement - [Written statements - Written questions, answers and statements - UK Parliament](#)

