

EXTERNAL AUDIT UPDATE

Head of Service:	Peter Sebastian, Director of Corporate Services (S151)
Report Author	Sue Emmons, Chief Accountant
Wards affected:	(All Wards);
Appendices (attached):	Appendix 1 – External Auditors Annual Audit Findings Report (AFR) for the year ending 31 March 2024 Draft Appendix 2 – 2023/24 Statement of Accounts (includes Annual governance Statement) (to follow) Appendix 3 – Letter of Representation (Grant Thornton) Appendix 4 – External Auditors Annual Report (VfM) for the year ended 31 March 2024

Summary

This report presents the 2023/24 Statement of Accounts, Grant Thornton's Audit Findings Report, letter of representation and the Auditor's Annual Report following the external audit.

Recommendation (s)

The Committee is asked to:

- (1) Approve the Statement of Accounts for the year ended 31 March 2024;
- (2) Receive the Audit Findings for 2023/24;
- (3) Agree the management action in response to the audit recommendations detailed at Appendix A of the Audit Findings report;
- (4) Authorise and agree that the Chair or Vice Chair of Audit and Scrutiny Committee and the Chief Finance Officer sign the Statement of Accounts and Letter of Representation on behalf of the Council;
- (5) Nominate and authorise the Chief Finance Officer, in consultation with the Chair or Vice Chair of Audit & Scrutiny Committee, to make any further amendments to the 2023/24 Statement of Accounts;
- (6) Agree the management actions in response to the recommendations in the Auditor's Annual Report (VfM)

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1 Reason for Recommendation

- 1.1 The annual audit is an integral part of the controls in place for ensuring that the Council achieves its annual budgets and demonstrates good governance, financial sustainability and Value for Money being an effective Council.

2 Background

- 2.1 Grant Thornton are the Councils external auditors.
- 2.2 The Committee approved the 2023/24 external audit plan at its 25 July meeting.
- 2.3 The external audit is, in principle, complete, and the key findings are:
 - 2.3.1 The accounts give a true and fair view of the financial position of the group and of the Authority as at 31 March 2024 and have been properly prepared in accordance with CIPFA/LASAAC codes of practice and the requirements of the Local Audit and Accountability Act 2014.
 - 2.3.2 The auditors external report (the Audit Findings Report (AFR)) sets out the key findings and recommendations arising from the annual audit of the accounts to 31 March 2024
 - 2.3.3 There are a number of recommendations arising from the auditors' judgement on VfM and its audit in the AFR report and the Councils responses are set out in these reports.
 - 2.3.4 The annual accounts may be subject to some minor amendments on final proofing, and these will be made in agreement with Grant Thornton and the Chief Finance Officer. If there are any material changes to the reports and accounts, they will be brought back to the Committee.
- 2.4 The AFR at appendix 1 sets out the key findings and other matters arising from the statutory audit of the accounts to 31 March 2024.
 - 2.4.1 The audit identifies significant risk as set out in section 2 of the AFR and test these. Any matters arising are reported as recommendations in appendix B or appendix D audit adjustments. There are three recommendations and management response at appendix B. Medium risk - journals be reviewed by more senior team members, low risk - ensure completeness of councillors third party disclosure and low risk - all investment properties are revalued yearly alongside the larger properties held.
 - 2.4.2 Key judgements and estimates in the Accounts are reviewed in section 2. All are assessed as 'green' - management processes are appropriate, and key assumptions are neither optimistic or cautious.

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- 2.4.3 The IT systems assessment work has identified IT controls relevant to the audit of the financial statements were judged to be effective at the level of testing in scope.
- 2.4.4 Section 3 of the AFR the VfM findings on Governance and management responses are set out.
- 2.5 The Accounts for the Council year ending 31 March 2024 are at appendix 2. There are no material matters to report and the accounts for the Council are up-to-date.
- 2.6 The Letter of Representation at appendix 3 sets out audit work and duties of Grant Thornton and information provided.
- 2.7 The external auditors annual report at appendix 4 summarises the Councils VfM assessments. The audit assesses VfM for the areas reviewed and reports as 'green' seven areas no significant weaknesses in arrangements identified or improvement recommendations made six 'amber' no significant weaknesses in arrangements identified but improvement recommendations made and one 'red' significant weaknesses in arrangements identified, and key recommendations made. Managements response to all the these and other recommendations are set out in the report.

3 Risk Assessment

Legal or other duties

- 3.1 Equality Impact Assessment
 - 3.1.1 None arising from the contents of this report.
- 3.2 Crime & Disorder
 - 3.2.1 None arising from the contents of this report.
- 3.3 Safeguarding
 - 3.3.1 None arising from the contents of this report.
- 3.4 Dependencies
 - 3.4.1 None arising from the contents of this report.
- 3.5 Other
 - 3.5.1 None.

4 Financial Implications

- 4.1 The main audit fee for 2023/24, excluding costs of the separate Housing Benefit audit, is £152,455 (£144,925 audit and £7,530 ISA 315).

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- 4.2 **Section 151 Officer's comments:** The responses to the external auditor's reports findings and recommendations are in the Grant Thornton reports attached at appendix 1 and 4.

5 Legal Implications

- 5.1 The Local Audit and Accountability Act 2014 sets out the framework for audit of local authorities. Grant Thornton's work is undertaken in the context of the Statement of Responsibilities of Auditors and Audit Bodies issued by the Comptroller and Auditor General.
- 5.2 Under The Accounts and Audit Regulations 2024 the Council is required to publish its 2023/24 auditor's annual report by 28 February 2025.
- 5.3 **Legal Officer's comments:** None arising from the contents of this report.

6 Policies, Plans & Partnerships

- 6.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council.
- 6.2 **Service Plans:** The matter is included within the current Service Delivery Plan(s).
- 6.3 **Climate & Environmental Impact of recommendations:** No specific matters arise.
- 6.4 **Sustainability Policy & Community Safety Implications:** No specific implications.
- 6.5 **Partnerships:** No specific implications.

7 Background papers

- 7.1 The documents referred to in compiling this report are as follows:

Previous reports:

- External Audit Update July 2024.

Other papers:

- None