

# Audit and Governance Committee



Date of meeting: 18 February 2025  
Title of Report: **Approval of Statement of Accounts 2023/24**  
Lead Member: Councillor Mark Lowry (Cabinet Member for Finance)  
Lead Strategic Director: David Northey (Service Director for Finance)  
Author: Carolyn Haynes  
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Your Reference: SoA 23/24/Audit Feb 2025  
Key Decision: No  
Confidentiality: Part I - Official

## Purpose of Report

Audit and Governance Committee formally approved the draft Statement of Accounts for 2023/24 on the 23 July 2024.

The Statement of Accounts for 2023/24 are reaching the completion of their external audit and need to be published on or before the 28 February 2025 which is the statutory 'backstop' deadline.

The revised Statement of Accounts for 2023/24 is attached as Appendix A.

**Recommendations and Reasons**

1. To **approve** the Statement of Accounts for 2023/24 attached as Appendix A.
  - a. Reason: Statutory Requirement, the Accounts and Audit Regulations 2015 require the accounts to be:
    - i. Considered by committee;
    - ii. Approved by committee resolution;
    - iii. Signed and dated by the person presiding at the committee.
2. To delegate authority to the Section 151 Officer in consultation with the Chair of Audit and Governance Committee to sign the Accounts and Letters of Representation on behalf of the Council once the audit opinions are provided, and to approve any final amendments to the Statement of Accounts arising from the closing stages of audit work.
3. To **note** the amendments to the 2023/24 accounts which are anticipated to be finalised before 28 February 2025.
4. To approve the Letters of Representation attached as Appendix B prior to their submission to the Auditor.
5. To approve the 2023/4 Annual Governance Statement (Appendix C), which will be signed by the Leader and the Chief Executive, confirming the governance arrangements that were in place during the year and which will be published alongside the Statement of Accounts.
6. To consider the draft Audit Opinion Report for 2023/24

**Alternative options considered and rejected**

1. None – It is a statutory requirement to produce and approve the Statement of Accounts.

**Relevance to the Corporate Plan and/or the Plymouth Plan**

The Council's expenditure forms the basis for the delivery of the Corporate Plan.

**Implications for the Medium-Term Financial Plan and Resource Implications:**

The changes actioned in the 2023/24 accounts will flow into the opening balance sheet position for the 2024/25 Statement of Accounts and, as such, will have implications for the Medium-Term Financial Plan. The level of Working Balance and reserves will affect the level of funding available in future years and variations in service expenditure will also need to be reviewed to assess any impacts.

**Financial Risks**

The Statement of Accounts includes a high-level summary of the Council's financial risks.

**Carbon Footprint (Environmental) Implications:**

N/A



**Sign off:**

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Originating Senior Leadership Team member: David Northey

Please confirm the Strategic Director(s) has agreed the report? Yes

Date agreed: 28/01/2025

Cabinet Member approval: *Approved by Cllr Lowry verbally*

Date approved: 06/02/2025

## **Final Statement of Accounts 2023/24**

### **1. Introduction**

- 1.1 The Statement of Accounts for 2023/24 (see Appendix A) has been prepared in a format to comply with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (The Code) and reflect the 2023/24 revenue and capital outturn position which was reported to Full Council on the 16 September 2024.
- 1.2 The Accounts and Audit (Amendment) Regulations 2024 came into force on 30 September 2024 and provided for statutory 'backstop' arrangements to help clear the backlog of audits and rebuild assurance.
- 1.3 The final published accounts for 2019/20, 2020/21, 2021/22 and 2022/23 were published prior to or by the backstop date of the 13 December 2024.
- 1.4 Over recent years the Council, like many local authorities, has experienced significant delays with the audit of its accounts. As reported to the committee on the 11 December 2024, the local audit backstop arrangements have been established to set dates by which an authority must publish a final version of its statement of accounts for a particular year, irrespective of the progress that has been made by the auditor. The backstop date for the 2023/24 financial year is 28 February 2025.

### **2. Final Publication of the 2023/24 Accounts**

- 2.1 The draft Statement of Accounts 2023/24 were approved by the Service Director for Finance and published by the statutory deadline of 31 May 2024. Following publication and in accordance with the regulations, the accounts and supporting documentation were made available for public inspection from 3 June to 12 July 2024 and the relevant statutory public notice was published on the Council's website. There were no objections raised during the inspection period.
- 2.2 The accounts were presented to this committee on the 23 July 2024 and Grant Thornton commenced their audit in October 2024, in line with the audit plan presented to the committee on 12 November 2024.
- 2.3 The Statement of Accounts for 2023/24 are now in the final stage of being audited and amended and the Final Statement of Accounts for 2023/24 (attached as Appendix A) are being presented to the Committee for approval prior to publication on the Council's website. The amended accounts are currently being reviewed by Grant Thornton to ensure that all of the expected adjustments have been accounted for correctly prior to publication.
- 2.4 As at the date this report was written, the audit of the accounts has not been finalised, the Committee is asked to endorse that delegated approval be given to the Chair of Audit and Governance and the Section 151 Officer to sign the Final Statement of Accounts after the Audit and Governance Committee session on 18 February 2025 (if this is not resolved before the session itself). If the audit is complete by 18 February 2025, then the accounts will be able to be signed at the Audit and Governance Committee session.
- 2.5 As has been discussed in previous meetings of the Audit and Governance Committee, receiving a modified or disclaimed audit opinion for 2022/23 has had an impact on the audit opinion for

2023/24. This is because the auditor is not able to rely on audited opening balances in the accounts for 2023/24. The Council is expecting to receive a modified or disclaimed audit opinion for the 2023/24 accounts. However, the audit work that has just been completed by the auditors has started the process of rebuilding assurance over the Council's accounting statements.

### **3. Audit Completion Reports**

- 3.1 The external auditor's value for money commentary for 2023/24 was presented to this committee on the 12 November 2024 through the Interim Auditor's Annual Report for the year ended 31 March 2024. Two significant weaknesses were identified:
- (i) Financial sustainability
  - (ii) The need to improve economy, efficiency and effectiveness in Children's Services following an Ofsted improvement notice.
- 3.2 The Council has taken steps to address the weaknesses identified in 2023/24 through a range of management actions in the current financial year.
- (i) The Medium Term Financial Strategy (MTFS) 2024/25 -2028/29 was approved by Full Council on the 16 September 2024 and the latest Medium Term Financial Plan (MTFP) will be going to Full Council on the 24 February as part of the budget setting process. This sets out a significantly reduced cumulative budget gap forecast over the next five years.
  - (ii) The Council is developing a change programme alongside a refreshed MTFS, with the objective of setting out clear plans to balance the budget over the medium term. An initial, high level change programme was included within the MTFP report to Cabinet on 10 February 2025; this will be further developed alongside the MTFS and reported to the March 2025 Cabinet meeting.
  - (iii) The Council established a Children's Improvement Board, chaired by the Director of Children's Services from Dorset Council. This has met every six weeks; rapid progress on the delivery of the six key priorities within the agreed Improvement Plan led to the lifting of the improvement notice in January 2024. The service published 'Achieving Excellence – A Strategy for Children's Services 2024-27' at the Children, Young People and Families Scrutiny Panel meeting on the 18 July 2024 and continues to work to improve the services provided to the city for Children, Young People and Families.
- 3.3 The Audit Findings Report is being presented to Audit and Governance Committee by Grant Thornton elsewhere on this agenda for review. Officers wish to draw the Committee's attention to the Audit Adjustments contained within Appendix C of the Audit Findings Report. This highlights the key changes to the accounts between the draft and audited versions.
- 3.4 Upon consideration of the Audit Findings Report, members are asked to delegate authority to the Section 151 Officer in consultation with the Chair of Audit and Governance Committee to sign the letters of representation attached as Appendix B to Grant Thornton LLP for the Council and to sign the accounts.
- 3.5 The draft Audit Opinion Report for 2023/24 is attached as Appendix D. As a result of the limitations imposed by the backstop date, Grant Thornton have been unable to obtain sufficient appropriate audit evidence over the Council's opening balances reported in the financial statements for the year ended 31 March 2024. They have therefore issued a disclaimer of

opinion on the financial statements for 2023/24. This enables the Council to comply with the requirement of the backstop regulations to publish the accounts by the 28 February 2025.

#### **4. Annual Governance Statement 2023/24**

4.1 The approved Annual Governance Statement (AGS) is required to be published alongside the Council's financial statements. The AGS for 2023/24 was submitted for review by this committee on the 23 July 2024 and is attached as Appendix C. A review of the AGS has determined that no further changes are required.

#### **5. Changes from draft publication of the 2023/24 draft Accounts**

5.1 The draft accounts for 2023/24 have been adjusted to reflect issues raised in the Grant Thornton Audit Findings Report of the accounts for 2023/24. They also reflect historic adjustments in relation to previous year's published accounts. The main changes are listed below:

- Changes to reflect the accounting treatment of the pension transaction from 2019/20 and associated movements through reserves;
- Removal of associated Minimum Revenue Provision (MRP) in relation to the pension transaction and associated reserve movements;
- Changes to the accounting treatment of the Interest Rate Swap (previously accounted for as a hedge transaction);
- Amendments to the notes on Heritage Assets to add items below £100k and the special books collection;
- Corrections to Property, Plant & Equipment (PPE) entries arising from making adjustments to prior year depreciation charges on "material" assets;
- Corrections to the reporting of Academy schools disposals, which were incorrectly presented in the Comprehensive Income and Expenditure Statement (CIES);
- Revenue Expended From Capital Under Statute (REFCUS) incorrectly classified as fees and charges has been reclassified as Taxation and Non-Specific Grant Income;
- Revaluation errors in Property, Plant and Equipment (PPE) have been corrected;
- Incorrect classification of Short Term Debtors has been corrected (some entries should have been reported as Short Term Creditors).

#### **6. Letter of Representation & Audit Completion**

6.1 Appendix B is the letter of representation from the Council to the external auditor which sets out certain facts the external auditor has relied upon to complete their reports. These require approval by the Audit and Governance Committee, and delegated approval for the Section 151 Officer and Chair to sign this letter and the updated final version of the accounts to be published (when the audit is concluded) is being sought at this Committee today.

6.2 The accounts can be published on the Council's website once Grant Thornton have completed their audit work and issued their audit opinion. This will mark the end of the accounting process for the 2023/24 financial year.