

AUDIT COMMITTEE

Statement of Accounts Update

27 November 2024

Report of Chief Finance Officer

PURPOSE OF REPORT

To provide the Committee with an updated position regarding the conclusion of the audits of the 2019/20, 2020/21, 2021/22 and 2022/23 Statement of Accounts, and the progress of the audit of the 2023/24 Financial Statements.

This report is public.

RECOMMENDATIONS

- That the report be noted and following the conclusion of the 2019/20 audit, the Chair, in consultation with the Section 151 Officer, be authorised to approve the Statement of Accounts and sign the Management Letter of Representations
- The position of the remaining outstanding audits be noted and the Chair, in consultation with the Section 151 Officer, be given delegated authority to approve the Statement of Accounts and undertake necessary actions in order to achieve the statutory backstop dates.

1.0 INTRODUCTION

1.1 This report provides an update on key areas and events of the since the last Audit Committee meeting 31 July 2024. The paper covers the following areas.

- External Audit position of the Council's Statement of Accounts 2019/20 – 2022/23
- Audit of the 2023/24 Statement of Accounts

1.2 Links to previous Statement of Accounts updates can be found at the end of this document as part of the Background Papers

2.0 BACKGROUND

2.1 At the last meeting of this Committee, Members considered a report providing details of the Government's proposals to clear the backlog of unaudited Statement of Accounts that has built up over recent years. In the case of this Council, this applies to the Statement of Accounts for 2019/20, 2020/21, 2021/22 and 2022/23.

2.2 As outlined in the last report, the Government set out various 'backstop' dates by which Councils are required to publish financial statements. These dates are as set out in the table below.

Financial Years Statements	Audit Deadline
All years up to and including 2022/23	13 December 2024
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

- 2.2 The Committee will be aware that both the Council and both sets of External Auditors are working to ensure that both the 13 December 2024 and 28 February 2025 deadlines are achieved.

3.0 2019/20 STATEMENT OF ACCOUNTS POSITION

- 3.1 The Audit of the 2019/20 Financial Statements has now been concluded and the auditors plan to issue an unmodified opinion. Provided at **Appendix A** is a Management Letter of Representations. The Council is required to provide this letter to the External Auditors before they issue their audit report. The Audit Committee is asked to approve the Management Letter of Representations following which the s151 Officer and Chair of the Audit Committee will sign it on behalf of the Council.

- 3.1 The External Auditors are required to present the Audit Committee with an ISA 260 report detailing their findings. This was originally presented to the Committee 21 July 2021 [Agenda for Audit Committee on Wednesday, 21st July 2021, 6.00 p.m. - Lancaster City Council](#) and is attached at **Appendix B** for reference. Member should note that all adjustments have been actioned within Statement of Accounts being presented for approval at **Appendix C** and many of the issues highlighted have subsequently been resolved.

4.0 2020/21 STATEMENT OF ACCOUNTS POSITION

- 4.1 The External Auditors have presented their ISA 260 for 2020/21 elsewhere on this agenda. Although there remains a small amount of work outstanding particularly in regard to their Value for Money Conclusion and the outstanding objection their work is substantially complete. Subject to the completion of the matters outstanding, they plan to issue an unmodified opinion.

- 4.2 Similar to the position noted above with 2019/20 Financial Statements, the Committee will be asked to approve the final Statements of Accounts. Noting the statutory backstop deadline 13 December 2024 the recommendation of this report seeks delegated authority to perform the necessary actions.

5.0 2021/22 & 2022/23 STATEMENT OF ACCOUNTS POSITION

- 5.1 Previous Statement of Accounts Update reports have highlight the current pressures present within the current Public Sector Audit regime and the Governments 3 phase proposals for addressing the issues. The External Auditors have confirmed that they propose to address the outstanding audits through the application of a disclaimed opinion for each year. Details of the work they are required to undertake to allow them to issue this disclaimed opinion have been presented elsewhere on this agenda. Whist there remains some work outstanding all issues are expected to be resolved ahead of the 13 December 2024 deadline.

5.2 The s151 Officer would like to inform Members of that disclaimed opinions attributable to the backstop date (such as this) do not necessarily indicate significant financial reporting or financial management issues.

5.3 Similar to the position noted above the Committee will be asked to approve the final Statements of Accounts. Noting the statutory backstop deadline 13 December 2024 the recommendation of this report seeks delegated authority to perform the necessary actions.

6.0 2023/24 STATEMENT OF ACCOUNTS POSITION

6.1 For bodies such as us who are significantly impacted by the backstop, the Council's incoming External Auditors, KPMG do not have the required level of assurance across a number of areas. As a result, will only be able to undertake a limited amount of audit work ahead of the 28 February 2025 deadline and so there is an expectation they will apply a modified disclaimer or disclaimed opinion to the 2023/24 Financial Statements as full recovery within the sector will take time.

6.2 KPMG have presented their Audit Plan elsewhere on this agenda and noting the statutory backstop deadline 28 February 2025 the recommendation of this report seeks delegated authority to perform the necessary actions.

7.0 DETAILS OF CONSULTATION

7.1 The report provides the Committee with an update on the progress of the audit of the Statement of Accounts 2019/20 to 2023/24 and so consultation has been limited to discussion with the External Auditors.

8.0 OPTIONS AND OPTIONS ANALYSIS

8.1 As the report is for noting no alternative options are put forward, but the Committee could make supplementary recommendations regarding any matters arising.

9.0 CONCLUSION

9.1 Members should note the progress and matters arising to date.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):

No implications directly arising.

LEGAL IMPLICATIONS

S27 of the Local Audit and Accountability Act 2014 makes provision for an elector of the Council's area to make an objection to the local auditor in respect of the grounds set out at paragraph 3.4 of this Report. On receipt of an objection the local auditor must decide (a) whether to consider the objection, and (b) if the auditor does so, whether to take action within paragraph (a) and (b) of s27(1) in response.

In considering any objection, the auditor will need to have regard to the provisions of the 2014 Act and the code of audit practice applicable to the Council. The Local auditor must in carrying out functions under the 2014 Act, have regard to guidance issued by the Comptroller and Auditor General under paragraph 9 of Schedule 6 of the 2014 Act. This includes the Auditor Guidance Note 4.

An objector aggrieved by a decision of a local auditor not to consider the objection or not to apply for a declaration under s28 of the 2014 Act may within 6 weeks from notification of the decision require the auditor to provide written reasons for the decision and within 21 days from receipt of the written reasons may appeal against the decision to the court.

FINANCIAL IMPLICATIONS

There are no financial implication flowing directly from this report.

However, Member's should be aware of the additional audit fees that may accrue because of the objection to the financial statements.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces

No implications directly arising.

SECTION 151 OFFICER'S COMMENTS

This report forms part of the Chief Finance Officer's responsibilities, under his role as s151 Officer.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Statement of Accounts 2019/20 – 2023/24

<http://www.lancaster.gov.uk/the-council-and-democracy/budgets-and-spending/statement-of-accounts>

External Audit Plan 2020/21

[Agenda for Audit Committee on Wednesday, 23rd March 2022, 6.10 p.m. - Lancaster City Council](#)

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Statement of Accounts Updates

[Agenda for Audit Committee on Wednesday, 31st July 2024, 6.00 p.m. - Lancaster City Council](#)

[Agenda for Audit Committee on Wednesday, 22nd May 2024, 6.00 p.m. - Lancaster City Council](#)

[Agenda for Audit Committee on Wednesday, 20th March 2024, 6.00 p.m. - Lancaster City Council](#)

[Agenda for Audit Committee on Wednesday, 22nd November 2023, 6.00 p.m.](#)

[Agenda for Audit Committee on Wednesday, 26th July 2023, 6.00 p.m. - Lancaster City Council](#)

[Agenda for Audit Committee on Wednesday, 24th May 2023, 6.10 p.m. - Lancaster City Council](#)

[Agenda for Audit Committee on Wednesday, 22nd March 2023, 6.10 p.m. - Lancaster City Council](#)

[Agenda for Audit Committee on Wednesday, 23rd November 2022, 6.10 p.m. - Lancaster City Council](#)

[Agenda for Audit Committee on Wednesday, 25th May 2022, 6.10 p.m. - Lancaster City Council](#)

[Agenda for Audit Committee on Wednesday, 23rd March 2022, 6.10 p.m. - Lancaster City Council](#)

[Agenda for Audit Committee on Wednesday, 24th November 2021, 6.10 p.m. - Lancaster City Council](#)