

AUDIT COMMITTEE

Statement of Accounts Update

19 November 2025

Report of Chief Finance Officer

PURPOSE OF REPORT

To provide the Committee with an updated position regarding the conclusion of the audits of the 2023/24 Statement of Accounts, and the progress of the audit of the 2024/25 Financial Statements.

This report is public.

RECOMMENDATIONS

- That the report be noted and following the conclusion of the 2023/24 audit, the Chair, in consultation with the Section 151 Officer, be authorised to approve the Statement of Accounts.
- The position of the 2024/25 audit 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.
- The Audit Committee refer the External Auditors Annual Audit 2023/24 Report to Full Council for consideration

1.0 INTRODUCTION

1.1 This report provides an update on key areas and events of the since the last Audit Committee meeting 30 July 2025. The paper covers the following areas.

- External Audit position of the Council's 2023/24 & 2024/25 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 progress on all the Councils outstanding audits.

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	Status
All years up to and including 2022/23	13 December 2024	Achieved
2023/24	28 February 2025	Outstanding
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 Officers and the External Auditors are working to ensure that the 27 February 2026 deadlines are achieved.

3.0 FINANCIAL STATEMENTS 2023/24

Financial Statements

- 3.1 Following the much-publicised issues within the Public Sector Audit regime our External Auditors do not have the required level of assurance across a number of areas. As a result, have only be able to undertake a limited amount of audit work on the 2023/24 financial statements. However, this work has now been concluded and in accordance with the backstop arrangements plan to issue a disclaimed opinion shortly.
- 3.2 The s151 Officer would like to remind Members of the Committee that the issuing of a disclaimed opinion attributable to the backstop date do not indicate significant financial reporting or financial management issues. It simply reflects the impact of the issues within the audit regime
- 3.3 The External Auditors are required to present the Audit Committee with an ISA 260 report detailing their Audit findings. This report have been presented and considered by the Audit Committee elsewhere on this agenda. The findings noted within the report have been discussed and agreed with Officers.
- 3.4 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 opinion. The Audit Committee is asked to review the Management Letter of Representations, following which the s151 Officer will sign it on behalf of the Council.

Value for Money Conclusion

- 3.5 The Council's External Auditors are required to complete a Value for Money (VfM) assessment as part of the audit of the accounts. The National Audit Office (NAO) Code of Practice regulations set out how the auditor is required to report whether an authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- 3.6 In 2020 the External Auditor requirements around VfM assessment moved away from a binary qualified/ unqualified conclusion. It now includes more substantial commentary against each of these three areas and reports on the arrangements put in place by the Council to deliver VfM.
- 3.7 The purpose of preparing and issuing an AAR is to communicate to the Council and key external stakeholders, including members of the public, the key issues arising from the Auditors' work, which they consider should be brought to the attention of the Council. To enable this, it is a requirement that the report be presented to Council for consideration and published on the Council's website alongside the audited Statement of Accounts

Summary Of Findings

3.8 The External Auditors can make a number of recommendations which are classified into a hierarchy of levels:

- Statutory Recommendations – Actions which should be taken where significant weaknesses are identified with arrangements. These are made under Schedule 7 of the Local Audit and Accountability Act 2014 and require discussion at Full Council and a public response.
- Key Recommendations – Actions which should be taken by the Council where significant weaknesses are identified within arrangements.
- Improvement Recommendations – Actions which should improve arrangements in place but are not a result of identifying significant weaknesses in the Council's arrangements

3.9 The Value for Money report is included within the Auditor's Annual Report presented elsewhere on the agenda and will be refer to Council 17th December 2025

Objection

3.10 Members will recall that similar to previous years, the 2023/24 Financial Statements are subject to ongoing objections by a local Council Taxpayer. The objections appear to be similar in nature and to assist KPMG where cross referenced to those from previous years and the findings from Deloitte. As noted in previous update reports KPMG will need to form their own view validity of the objections, but it is hoped this work will be concluded shortly.

3.11 As in previous years the 2023/24 scale audit fee £161,380 (2022/23 £44,959) does not include any amount for dealing with objections and so it is expected that the Council will again incur additional audit fees in regard to this matter.

3.12 The audit certificate which formally concludes the audit for the year can only be issued once the auditors have considered the merits of the objection.

4.0 FINANCIAL STATEMENTS 2024/25

Financial Statements

4.1 The deadline for publishing the Council's Unaudited 2024/25 Statement of Accounts was 30th June 2025. The s151 Officer is pleased to inform Members that we achieved this publication deadline. [Statement of Accounts - Lancaster City Council](#)

4.2 Although a considerable amount of audit work has been undertaken on the 2024/25 Statement of Accounts there remains some issues yet to be concluded. As highlighted in section 2 above the backstop date for the conclusion of the audit is 27th February 2026. It has been reported the Committee on a number of occasions that this date conflicts with the Council's existing timetable for production of General Fund and Housing Revenue Account revenue and capital budgets, supporting strategies, as well as Council Tax setting, all of which are statutory requirements for the Council. However, given the progress on the audit to date and the External Auditors requirement to present both their ISA260 report and the Annual Audit Report a provisional Audit Committee booked 18th February 2026

4.3 Similar to previous years given the issues with the sector the Council can expect to receive a Disclaimed Audit Opinion for 2024/25 and for several years beyond.

Objections

- 4.4 The Council has received notification from 2 Council Taxpayers of a number of objections to the 2024/25 Statement of Accounts. As in previous years the objections appear to be similar in nature to those considered by Deloitte in 2019/20, 2020/21, 2021/22 and 2022/23 and still under consideration by KPMG for 2023/24. KPMG will need to form their own view on the validity of the outstanding objections. As noted previously the scale audit fee £176,597 (2023/24 £161,380) does not include any amount for dealing with objections and so it is expected that the Council will again incur additional audit fees in regard to this matter.

5.0 DETAILS OF CONSULTATION

- 5.1 The report provides the Committee with an update on the progress of the audit of the Statement of Accounts 2023/24 and 2024/25 and so consultation has been limited to discussion with the External Auditors.

6.0 OPTIONS AND OPTIONS ANALYSIS

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

7.0 CONCLUSION

- 7.1 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

[Agenda for Audit Committee on Wednesday, 30th July 2025, 6.00 p.m. - Lancaster City Council](#)

[Agenda for Audit Committee on Wednesday, 21st May 2025, 6.00 p.m. - Lancaster City Council](#)

[Agenda for Audit Committee on Wednesday, 19th March 2025, 6.00 p.m. - Lancaster City Council](#)

[Agenda for Audit Committee on Wednesday, 27th](#)

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[November 2024, 6.00 p.m. - Lancaster City Council](#)

[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](#)