

EXTERNAL AUDIT UPDATE: FINAL 2023/24 ACCOUNTS AND PROCESS FOR AUDITING THE 2024/25 ACCOUNTS

Committee name	Audit Committee
Officer reporting	Pete Carpenter; Director Pensions, Treasury & Statutory Accounts
Papers with report	Appendix 1 – 2023/24 Final Statement of Accounts Appendix 2 – 2023/24 Final Audit Results Report Appendix 3 – Pension Fund Audit Planning Report for 2024/25
Ward	All

HEADLINES

This report provides the final 2023/24 Statement of Accounts and Audit Results Report and sets out the high level process for the Audit of the 2024/25 Accounts.

RECOMMENDATIONS:

That the Audit Committee:

1. Note the final position regarding the Statement of Accounts and Audit Results Report for 2023/24 for ratification;
2. Note the high-level process that will be followed regarding the delivery and audit of the 2024/25 Accounts; and
3. Note the draft plan for the Audit of the 2024/25 Pension Fund Accounts.

SUPPORTING INFORMATION

The Ministry of Housing, Communities and Local Government has announced measures to tackle the backlog of local government audits and have proposed backstop dates for the publication of audited accounts. These are set out in the following table:

2024/25: 27 February 2026
2025/26: 31 January 2027
2026/27: 30 November 2027
2027/28: 30 November 2028

The backstop legislation has resulted in significant numbers of Councils receiving “Disclaimer Opinions” due to time constraints and number of audits required to be delivered to comply with the legislation resulting in Auditors collectively not having the time to complete Audits and therefore issue “Disclaimer Opinions”.

A total of 216 disclaimed audit opinions have been issued by auditors to local government bodies because of the “final” backstop date for the 2023-24 financial year. This is 47.1% of all local government Audits in England.

Conclusion of the 2023/24 Statement of Accounts Audit

The Audit Committee on the 11 February 2025 delegated authority to the Corporate Director of Finance (in consultation with the Chair and incorporating any views from other Members of the Audit Committee) to approve the final 2023/24 Statement of Accounts and Audit Results Report on behalf of the Committee and to report back to the next Audit Committee meeting on these matters for ratification.

Following the additional public consultation period the 2023/24 Statement of Accounts was signed off on the 27 March 2025. The revised public inspection period closed on 13 March. The updated Accounts are attached for reference. The Council received a “Disclaimer Opinion”.

In terms for the 2023/24 Audit Results Report, any changes to the initial report that the Committee received in February are highlighted in blue. The main changes that the External Auditor highlights are:

- The changes to Appendix A reflecting the final status of work pre-signing;
- The observations around the AGS which led to the small delay in signing;
- Switch of the misstatement in relation to Hillingdon First from uncorrected to corrected (reflecting this being adjusted); and
- Management responses being added to the control recommendations.

Significant work, in terms of testing and reflected in the updated blue text, was undertaken in relation to the Assurance ratings set out in Appendix A. This work is not lost and will be built on as part of the 2024/25 audit process.

The 2024/25 Audit Process

The 2024/25 Audit is not initially looking to rebuild the Council's position following two years of “Disclaimer Audits”. It will be very much transaction based to assure on what happened during the 2024/25 financial year. External Auditors are still awaiting an updated auditing framework from the Government which will set out how they need to proceed in “rebuilding the Council's position when they have “Disclaimer Opinions”.

EY will provide a verbal at the Committee meeting on this and the planning they have been undertaking for the 2024/25 audit of the Council's accounts.

Initial planning for the 2024/25 Pension Fund Audit has been completed, and this is attached for review and comment. Unmodified opinions received were for the years 2022/23 and 2023/24

Other Audits

Grant Thornton have completed both the 2023/24 Teachers Pension End of Year Certificate and Pooling of Housing Capital Receipts audit assurance work. No major issues have arisen from these audits.

EY have completed the Housing Benefit Assurance Process 2022/23 audit and submitted to the Department for Work and Pensions on 05 February 2025.

FINANCIAL IMPLICATIONS

In September 2024 the PSAA launched a consultation on the fee scale for 2024/25 audits. Following consultation, PSAA has published the 2024/25 scale of audit fees for bodies that have opted into its national auditor appointment scheme. The fee scale is confirmed as a 9.5% increase on the 2023/24 scale fees to cover the additional audit work required under revised standards and a contractual inflationary increase payable to audit firms for 2024/25. The new audit work relates to revised auditing standard ISA (UK) 315 (risks of material misstatement) and linked work on ISA (UK) 240 (fraud). The fee values for 2024/25 are £433,673 for the Council audit and £92,572 for the Pension Fund.

EY have advised in February that there would be scale fee variations in respect of the 2023/24 audit. This has not yet been fully quantified.

The final fee for the 2022/23 HBAP audit is £111,885 which is a significant increase on the previous year. The main reason for the increase in fees is due to the significant level of extending testing required for the 2022/23 audit compared to the previous year.

The fees for Grant Thornton in respect of the Teachers Pension and Pooling audits were within approved budget estimates.

LEGAL IMPLICATIONS

The Secretary of State for Communities and Local Government delegated statutory functions (from the Audit Commission Act 1998) to Public Sector Audit Appointments (PSAA) on a transitional basis under powers contained in the Local Audit and Accountability Act 2014.

BACKGROUND PAPERS

NIL.

APPENDICES

Appendix 1 – 2023/24 Final Statement of Accounts

Appendix 2 – 2023/24 Final Audit Results Report

Appendix 3 – Pension Fund Audit Planning Report for 2024/25