

# UPDATE ON THE 2022/23 STATEMENT OF ACCOUNTS AND EXTERNAL AUDIT OF THE 2023/24 ACCOUNTS

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Andrew Macleod, Chief Accountant; Pensions, Treasury & Statutory Accounts
<b>Papers with report</b>	2022/23 Statement of Accounts and Audit Completion Report
<b>Ward</b>	All

## HEADLINES

This report provides an update on the 2022/23 Statement of Accounts audit completion report and progress on the 2023/24 Statement of Accounts audit.

## RECOMMENDATIONS:

That the Audit Committee:

- 1. Agree the 2022/23 Statement of Accounts and Audit Completion Report, and the Hillingdon Pension Fund Final Audit Results Report 2022/23**
- 2. Note progress with the external audit of the 2023/24 Statement of 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:

- A statutory backstop date of 13 December 2024 to clear the backlog of unaudited accounts up to and including financial year (FY) 2022/23
- Five further backstops for FYs up to and including 2027/28 to allow the system to recover:

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

The Government also intends to publish a list of any bodies and auditors that do not meet the backstop dates (also making clear where unaudited accounts have not been published).

It is also proposed to change the deadline for the publication of 'draft' (unaudited) accounts from 31 May to 30 June for financial years 2024/25 to 2027/28.

In order to comply with the reset deadlines, EY had insufficient time following completion of the delayed 2021/22 audit to complete their normal audit procedures and as a result will issue a “disclaimed” audit opinion on these accounts. The government expects this will be the case with many local authority accounts continuing into future years. As such, the issuing of a disclaimed opinion should not result in the Council being unfairly judged as the opinion has resulted from the backstops, and many other local authorities will be in a similar position.

EY will present their Audit Completion Report in respect of the 2022/23 accounts and the 2022/23 Hillingdon Pension Fund final Audit Results Report at the Committee meeting.

### **Update on 2023/24 Statement of Accounts audit**

As noted above, the statutory deadline for the publication of audited accounts for 2023/24 is 28<sup>th</sup> February 2025. It is EY’s intention to submit their Audit Results Report to the Audit Committee meeting scheduled for 11<sup>th</sup> February 2025.

The main audit commenced on 22<sup>nd</sup> July 2024 and remains ongoing, with key areas of focus being prioritised to support the building back of assurance as soon as possible following the reset of local audit. There are several identified changes that will be required to the draft unaudited accounts following audit.

EY will provide a verbal update on the progress of the 2023/24 audit at the Committee meeting.

### **FINANCIAL IMPLICATIONS**

EY have advised there will be scale fee variations in respect of the 2023/24 audit. Previously a figure of £56k has been quantified relating to various issues such as additional time where audit evidence has not met requirements, larger sample sizes required because of lower materiality, mapping work during the interim audit and increased need to involve their property valuation specialists. EY have subsequently advised these fees are likely to increase further but this has not yet been quantified at this stage.

In September 2024 the PSAA launched a consultation on the fee scale for 2024/25 audits. The fee scale proposals include 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 consultation closed in October and PSAA will publish the final fee scale by 30 November 2024.

### **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**

The 2022/23 Statement of Accounts  
EY Audit Completion Report 2022/23  
EY Pension Fund Audit Results Report 2022/23