

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

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Andrew Macleod, Chief Accountant; Pensions, Treasury & Statutory Accounts
<b>Papers with report</b>	2023/24 revised draft Statement of Accounts Provisional Audit Results Report (to follow) Draft Hillingdon Pension Fund Audit Results Report
<b>Ward</b>	All

## HEADLINES

This report provides an update on the 2023/24 Statement of Accounts audit.

## RECOMMENDATIONS:

That the Audit Committee:

- 1. Note the position regarding the audit of the 2023/24 Statement of Accounts and delegate 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; and**
- 2. Note the Hillingdon Pension Fund draft Audit Results Report.**

## 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

## 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. The draft Statement of Accounts were published on 28<sup>th</sup> June 2024 and the main audit commenced 22<sup>nd</sup> July 2024. The audit has been more extensive than previous years due in part to the fact that the previous year was not fully audited, increasing testing this year including samples covering both years in certain areas. Testing work was extended up to the end of December 2024 to maximise the amount of testing that could be completed, with key areas of focus being prioritised to support the building back of assurance as soon as possible following the reset of local audit. Priority has been given to regaining assurance of Balance Sheet items which forms the opening position for 2024/25. As not all areas of the audit were completed and given the opening balances from 2022/23 flowing into this year's accounts were not audited, it will not be possible to obtain an unqualified audit opinion for 2023/24.

EY will provide a verbal update on the provisional Audit Results Report at the Committee meeting. Their internal review is ongoing and is not yet concluded as at the date of this meeting. EY will also update on the draft Pension Fund Audit Results Report.

There are a number of changes to the revised Statement of Accounts following the audit, which were republished on 30<sup>th</sup> January, including the Annual Governance Statement (AGS). The AGS had not been included in the original publication of the draft Statement of Accounts in June 2024 because it had not at that time been signed off. This requires the 30 working day statutory inspection period to be reset as the AGS is included in the public inspection protocol. Unfortunately the audit cannot be completed and final audit opinion issued until after the reset public inspection period has passed, meaning that it will not be possible to conclude by the backstop date of 28<sup>th</sup> February. However it is expected that this delay will be kept to a minimum and the completion of the audit be achieved after inspection period closes on 13<sup>th</sup> March.

## **Other Audits**

Grant Thornton have been appointed to conduct both the Teachers Pension End of Year Certificate and Pooling of Housing Capital Receipts audit assurance work. These audits are expected to be completed by the end of January 2025.

EY submitted a draft results report on the Housing Benefit Assurance Process 2022/23 to officers within the Revenues and Benefits service in December 2024. The audit has subsequently been finalised and agreed, and is expected to be signed off shortly.

## **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 there will be scale fee variations in respect of the 2023/24 audit but this has not yet been fully quantified at this stage.

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.

## **APPENDICES**

The 2023/24 Statement of Accounts – revised draft published 30/1/25  
EY Provisional Audit Results Report 2023/24  
EY Pension Fund Draft Audit Results Report 2023/24