

AUDIT AND STANDARDS COMMITTEE

22 JULY 2024

Title: Publication of the 2023-24 Statement of Accounts and GT Audit Progress report and sector updates	
Report of the Strategic Director of Resources	
Open Report	For Information
Wards Affected: All	Key Decision: No
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Accountable Director: Michael Bate, Interim Director of Financial Services & Deputy S151 Officer	
Accountable Executive Team Director: Jo Moore, Interim Strategic Director, Resources and S151 Officer	
Summary This report presents the published 2023-24 Statement of Accounts and Grant Thornton's Audit Plan. The 2023-24 Statement of Accounts was published on the 5 July 2024. Representatives of Grant Thornton will be at the meeting to present their reports and respond to Members' questions.	
Recommendation(s) The Committee is recommended to note the contents of this report.	
Reason(s) As prescribed in The Accounts and Audit (England) Regulations 2015, it is a statutory obligation for the Council's Statement of Accounts to be produced and audited, and that the Statement of Accounts and the Annual Governance Statement must be approved by a Committee of the Council.	

1. Introduction and Summary

- 1.1 The 2023-24 Statement of Accounts was published on the Council's website on the 5 July 2024.
- 1.2 The Public Inspection of the accounts began on 8 July 2024 and will conclude on 16 August 2024.

- 1.3 The Council's officers have provided the initial information requested by the external auditors, in order to kickstart the audit. This will be the first year that Grant Thornton LLP will audit the Council's accounts.
- 1.4 Members are reminded that at a later Audit and Standards Committee meeting, the audited accounts will be presented, which will incorporate any amendments agreed between the external auditor and the Council. The external auditor will attend the meeting and present their External Audit Report for the 2023-24 Statement of Accounts.
- 1.5 The Narrative Report includes the revenue and capital outturn performance of the Council for 2023-24 and provides an outlook for the future. The Council have reported a deficit of £2.6m for the 2023-24 year.
- 1.6 The Expenditure and Funding Analysis compares the outturn shown in the Narrative Report with the true economic cost of providing services valued in accordance with proper accounting practices as shown in the Comprehensive Income and Expenditure Statement (CIES). The differences between the outturn and CIES are mainly capital items and IAS19 pension costs.
- 1.7 The CIES shows the true economic cost of providing Council services.
- 1.8 The Balance Sheet sets out the financial position of the Council as at 31st March 2024. The overall reduction in net assets of £226m is mainly due to the decrease in current assets and increase in current liabilities. Further detail is contained within the Notes to the Accounts.
- 1.9 The Cash Flow statement shows how the Council generates and uses cash.
- 1.10 The Housing Revenue Account (HRA) shows the true economic cost of providing housing services.
- 1.11 The Collection Fund Statement is an agent's statement that reflects the statutory obligations of the London Borough of Barking and Dagenham, as billing authority to maintain a separate Collection Fund. It details the Council Tax and Business Rates position for the year.
- 1.12 The Group Accounts include the consolidation of the Council's single accounts with that of the Council's subsidiaries.

2. Audit Progress report and Sector Updates

- 2.1 Since the last meeting of the Audit and Standards Committee, Grant Thornton have commenced their initial audit planning in respect of both Council and Pension Fund Accounts.
- 2.2 This includes undertaking meetings with key officers and making relevant audit enquiries; reviewing the control environment for both the Council and Pension Fund; undertaking walkthroughs in areas which are likely to be deemed significant risk and understanding IT general controls. They have also held a meeting with the wider finance team to discuss audit arrangements.

- 2.3 Their work on Value for Money (VFM) is in progress. Grant Thornton have primarily reported concerns regarding the effectiveness of scrutiny and decision making, which impacts decisions across all areas of value for money; Financial Sustainability, Governance and Improving Economy, Efficiency and Effectiveness. The auditors plan to undertake a more detailed review and will include results of the review in the report to the Committee in October 2024.
- 2.4 As previously updated, the Government consulted in February 2024 on a proposal to introduce a series of statutory backstops to bring the local audit system back on track. The necessary regulation to enact the backstop legislation was due to be laid before Parliament prior to summer recess in July 2024. This would have enabled the 30 September 2024 backstop to be implemented. The calling of a General on July 4th affected this timetable, and this has been put on hold. The new Government will have to decide if it wants to implement the backstop solution and if so, determine the timetable by which it happens. Grant Thornton will continue with the plan they presented to the Committee in respect of the 23/24 audit.
- 2.5 The report includes other updates on how to maximise the effectiveness of the new audit arrangements, what local government elections mean for Audit Committees, LGA improvement and Assurance Framework; the state of the Locals: who do the public think are responsible for worsening public services; new guidelines on productivity plans and a note of caution, Housing and Homelessness; the smart regeneration journey to 2030 and simpler recycling.

3. Options Appraisal

- 3.1 The audit of the Council's Statement of Accounts follows a prescribed process and, as such, there are no other options to appraise.

4. Consultation

- 4.1 The audit of the Council's Statement of Accounts follows a prescribed process and, as such, does not require consultation.

5. Financial Implications

Implications completed by: *Jo Nacey – Interim Chief Accountant*

- 5.1 As outlined in the report to Audit and Standards Committee in March, Grant Thornton have been appointed as the Council's new external auditors for a five-year period commencing with the 2023/24 audit of accounts.
- 5.2 The fees were also outlined in the report, "The audit fees for the 2023/24 are £434,860 for the Council's Audit and £75,287 for the Pension Fund Audit".
- 5.3 The audit inspection has begun, and we will continue to respond to queries from the auditors promptly and comprehensively in order to mitigate additional fees wherever possible. Should there be any additional fees, these will be reported to Committee in due course.

6. Legal Implications

Implications completed by: *Dr Paul Feild - Principal Standards & Governance Solicitor.*

- 6.1 The Local Audit and Accountability Act 2014 requires that the Council as a relevant body must have its accounts audited. The procedure is set out in the Accounts and Audit Regulations 2015 (the 'Regulations'). Regulation 9 sets out a timetable and requires certification by the Council's responsible finance officer of the statement and then consideration by a committee to consider the statement and approve by resolution. This report is prepared in compliance with that obligation.
- 6.2 Following approval, the Council must publish no later than 30 September 2024 the statement of accounts, the Annual Governance Statement as approved and a narrative statement by the Council on its financial performance, and economy, efficiency and effectiveness in the use of its resources over the financial year.
- 6.3 The said Regulations 2015 require that, where an authority is not able to publish its audited statement of accounts by the date set out in the regulations, it is required to publish a notice to that effect.

7. Other Implications

- 7.1 **Risk Management** - The preparation of timely, high-quality accounts is a key component of a system of good governance. There are no risk implications arising directly as a consequence of this report.

List of appendices:

- **Appendix A** – Grant Thornton Audit Progress Report and Sector Updates