



<b>Report to:</b>	Governance and Audit Committee
<b>Date:</b>	4 December 2024
<b>Subject:</b>	<b>Approval of Annual Accounts 2022/23</b>
<b>Director:</b>	Angela Taylor, Director of Finance and Commercial Services
<b>Author:</b>	Gary Dowson, Head of Strategic and Corporate Finance

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If the report does contain exempt information, what is the reason for exemption: <i>(indicate in the adjacent box the relevant paragraph of Schedule 12A, Local Government Act 1972, Part 1 – see Access to Information Rules)</i>	

## 1. Purpose of this Report

- 1.1 To present the external auditors opinion on, and approve, the annual accounts for 2022/23.

## 2. Recommendations

- 2.1 That the Committee receives the External Auditors opinion on the 2022/23 annual accounts.
- 2.2 That the Committee approves the annual accounts for 2022/23.

## 3. Information

- 3.1 Members will recall from previous meetings that Department for Levelling Up, Housing and Communities, now the Ministry of Housing, Communities and local Government (MHCLG) and the National Audit Office (NAO) held consultations earlier in 2024 on proposals with the aim of restoring timely, high-quality financial reporting and audit, and introducing mandatory 'backstop' dates, by which each year's audit work would have to be concluded, irrespective of whether the work had been completed.
- 3.2 On 30 July, MHCLG issued a written ministerial statement to Parliament on measures to tackle the local audit backlog in England. The Government has also now laid legislation.

- 3.3 The revised Code of Audit Practice gives effect to the backstop arrangements set out in the Accounts and Audit Regulations, which introduce for each financial year a date before which auditors would be required to give their opinion and by which the annual accounts must be published.
- 3.4 The key element of the backstop arrangements in relation to financial year 2022/23 is a statutory backstop date of 13 December 2024.
- 3.5 Members will recall that, as the annual accounts for 2022/23 have not been, and will not be, audited, the auditor's opinion will necessarily be disclaimed. It is expected auditors will issue hundreds of disclaimed opinions at this backstop date and these disclaimed opinions will likely continue for some bodies for a number of years. The annual accounts for 2022/23 were prepared in line with all relevant legislation and were approved for audit by the Director Finance and Commercial Services.
- 3.6 Auditors' reports and wider communications will make clear that local bodies should not be unfairly judged due to modified or disclaimed opinions resulting from the backstops, and that continued and effective collaboration across the system is vital to ensure the best possible outcomes.
- 3.7 A proportionate approach to rebuilding assurance is required and all system partners, including Financial Reporting Council (FRC), NAO and auditors, are aware this is the Government's objective. Forvis Mazars continue to seek guidance on what rebuilding assurance might look like.

#### 2022/23 Annual Accounts and Auditors Opinion

- 3.8 The annual accounts for 2022/23 are at [StatementofAccounts202223Draft.pdf](#) and the results for the year have previously been considered. The auditor's disclaimed opinion on the 2022/23 annual accounts will follow and be circulated to members in advance of the meeting. Their Letter of Representation and Audit Completion Report are attached at **Appendix 1 and Appendix 2** respectively. Forvis Mazars will be in attendance at this meeting to present their audit opinion and the completion report.
- 3.9 At the last meeting of the Committee, members considered responses from management and those charged with governance with regard to fraud and litigation. Minor amendments have been made to these, and they are attached at **Appendix 3** for financial year 2022/23 and **Appendix 4** for the financial year 2023/24.

#### **4. Risks and Mitigations**

- 4.1 There are no risks directly arising from this report.

#### **5. Tackling the Climate Emergency Implications**

- 5.1 There are no climate emergency implications directly arising from this report.

## **6. Inclusive Growth Implications**

6.1 There are no inclusive growth implications directly arising from this report.

## **7. Equity and Diversity Implications**

7.1 There are no equity and diversity implications directly arising from this report.

## **8. Financial Implications**

8.1 There are no financial implications directly arising from this report.

## **9. Legal Implications**

9.1 There are no legal implications directly arising from this report.

## **10. External Consultees**

10.1 No external consultations have been undertaken in the preparation of this report.

## **11. Background Documents**

11.1 There are no background documents referenced in this report.

## **12. Appendices**

- Appendix 1 – Letter of Representation for financial year 2022/23
- Appendix 2 – Audit Completion Report for financial year 2022/23
- Appendix 3 – Response to auditor letter to those charged with governance 2022/23
- Appendix 4 – Response to auditor letter to those charged with governance 2023/24