

**North East Derbyshire District Council**

**Audit Committee**

**8 July 2024**

**Draft Statement of Accounts 2023/24**

**Report of the Director of Finance and Resources (S151 Officer)**

Classification: This report is public

Report By: Jayne Dethick, Director of Finance and Resources (S151 Officer)

Contact Officer: Jayne Dethick

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**PURPOSE/SUMMARY**

To note the completion and publication of the draft Statement of Accounts for 2023/24 in line with the statutory deadline.

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**RECOMMENDATIONS**

1. That the Audit Committee note the draft Statement of Accounts in respect of 2023/24

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**IMPLICATIONS**

**Finance and Risk**

**Yes**

**No ✓**

There are no additional financial implications arising from this report.

On Behalf of the Section 151 Officer

**Legal including Data Protection**

**Yes ✓**

**No**

The process has been undertaken in accordance with the requirements of the Accounts and Audit Regulations.

On Behalf of the Solicitor to the Council

**Staffing**

**Yes**

**No ✓**

There are no staffing issues arising directly from this report.

On Behalf of the Head of Paid Service

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## **DECISION INFORMATION**

<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:  <b>NEDDC:</b> <b>Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/></b> <b><input checked="" type="checkbox"/> Please indicate which threshold applies</b>	N/A
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	N/A
<b>District Wards Significantly Affected</b>	None
<b>Consultation:</b> <b>Leader / Deputy Leader <input type="checkbox"/> Cabinet <input type="checkbox"/></b> <b>SMT <input checked="" type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/></b> <b>Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></b>	Yes  Details:

<b>Links to Council Plan priorities, including Climate Change, Equalities, and Economics and Health implications.</b>
All

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## **REPORT DETAILS**

### **1 Background**

- 1.1 The Statement of Accounts is a statutory document which sets out the Council's income and spending during the financial year and its balances at the end of the financial year. The Council published its draft Statement of Accounts in respect of 2023/24 on 29 May 2024, ahead of the 31 May 2024 statutory deadline.
- 1.2 The documents that make up the Statement of Accounts are complex and are required to be prepared in line with the accounting rules that apply to all councils.
- 1.3 The statements are audited by the Council's external auditors, Forvis Mazars who provide an opinion about the quality or integrity of the financial information, including the principal of 'going concern'.
- 1.4 Due to significant delays in external audits across the country, the deadline for signing off 2023/24 accounts by the appointed external auditor is 31 May 2025. The Audit Committee should be presented with an opportunity to scrutinise the accounts in a timely manner, therefore due to the length of time between completion of the accounts and the deadline for audit sign off it is deemed

appropriate that the Audit Committee receive the accounts in draft form. The audited accounts will then be presented to a future meeting alongside the Audit Completion Report.

## **2 Details of Proposal or Information**

### **Statement of Accounts**

- 2.1 The External Audit team, Forvis Mazars, has been appointed to undertake work on the Statement of Accounts for 2023/24 and have communicated to the Council that they will be undertaking the interim audit in June 2024 and plan to commence the main audit in September 2024. This means that the audit opinion is unlikely to be received in time to meet the statutory deadline of 30 September for the publication of the audited accounts.
- 2.2 Nationally, there has been a deterioration in the timeliness of local authority audits since 2017/18. Delays were compounded during the Covid pandemic, and this has led to a significant backlog of audit opinions across England. As of 31 December 2023, the backlog of outstanding audit opinions stood at 771, with some audits dating back to 2015/16. Only 1% of English councils had published audited accounts by the 30 September 2023 deadline - 5 out of 467. By mid-January 2024 this had increased to 10%.
- 2.3 To clear the backlog and embed timely audits again, the Department for Levelling Up, Housing and Communities (DLUHC) has implemented a 3-phase process **Phase 1** is the reset and involves clearing the backlog of historical audit opinions (up to and including 2022/23) by 30 September 2024. This does not directly affect us as the 2022/23 accounts (and previous years') having been audited. However, the 2023/24 audit is delayed until September whilst audit focus is on clearing the backlog by the deadline.
- 2.4 In **Phase 2** of the process, known as the Recovery Phase, the date for approval of the 2023/24 audited accounts has been moved from 30 September 2024 to 31 May 2025. This does affect us, as discussed in 1.4 above and it is likely that the 2023/24 accounts will not be signed off until early 2025. Until this time the accounts remain subject to amendment.
- 2.5 Changes have also been made to the audited approval dates for future years up to and including the financial year 2027/28, as the table below demonstrates:

<b>Draft Accounts Completion Deadline</b>	<b>Audit Completion Deadline</b>
Year ended 31 March 2024	31 May 2025
Year ended 31 March 2025	31 March 2026
Year ended 31 March 2026	31 January 2027
Year ended 31 March 2027	30 November 2027
Year ended 31 March 2028	30 November 2028

- 2.6 **Phase 3** of the process, known as the Reform Phase, will require work to address the systemic challenges that have led to the current local authority audit backlog. This work will build on the recommendations of the Redmond Review and all political parties have committed to continue work to ensure that financial reporting,

auditing, and regulatory requirements are proportionate and based on a common understanding of the purposes of local audit and reporting.

- 2.8 The draft Statement of Accounts can be found on the Council's website at:  
[NEDDC Statement of Accounts 2023-24.pdf](#)

### **3 Reasons for Recommendation**

- 3.1 The external audit process in respect of 2023/24 is substantially delayed due to the reset of local audit processes, therefore the draft Statement of Accounts for 2023/24 is presented for noting to the Audit Committee.

### **4 Alternative Options and Reasons for Rejection**

- 4.1 There are no alternative options for consideration.

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## **DOCUMENT INFORMATION**

<b>Appendix No</b>	<b>Title</b>
<b>Background Papers</b>	