



**Committee and Date**

Audit Committee  
28<sup>th</sup> November 2024

Item

Public



# Final Approval Statement of Accounts 2023/24

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<b>Cabinet Member</b> (Portfolio Holder):	Cllr Gwilym Butler, Finance & Corporate Support		

## 1. Synopsis

This report provides an update on the approval of the 2023/24 Statement of Accounts, and particularly progress on the audit of the accounts.

## 2. Executive Summary

2.1. For 2023/24 the statutory deadlines for publishing the final audited accounts was 30th September with unaudited accounts needing to be published by 31st May. It was identified during audit planning that external audit would be unable to work to the 30th September deadline as the audit sector work to address the backlog of public sector audits highlighted and acknowledged by the Public Sector Audit Appointments. As highlighted to Audit Committee in the June 2024 meeting, it was agreed that the auditors would plan to complete the audit by 30th November.

Task	Statutory Deadline	Planned Timeline
Year end	31st March 2024	31st March 2024
Produce and approve Draft Statement of Account	31st May 2024 <b>Achieved</b>	31st May 2024 <b>Achieved</b>
Approve and publish Audited Statement of Accounts	30th September 2024 <b>Agreed to vary</b>	30th November 2024 <b>Missed</b>

- 2.2. The audit on the 2023/24 Statement of Accounts has been progressing since August but is not in a position to be fully completed by the end of November due to several key areas still to be completed. It is intended that these audit queries are finalised and completed by mid-December with the aim to publish the audited Statement of Accounts by the end of December 2024.

### 3. Recommendations

- 3.1. Note the progress on the audit of the 2023/24 Statement of Accounts, and that formal approval of the Audited Statement of Accounts will take place in December.

## Report

### 4. Risk Assessment and Opportunities Appraisal

- 4.1. Details of the potential risks affecting the balances and financial health of the Council are detailed within the Statement of Accounts that has been subject to audit. The Audit Findings Report to be presented in December will highlight that the audit work has been focussed on the significant risk areas identified for the audit.

### 5. Financial Implications

- 5.1. Shropshire Council is currently managing an unprecedented financial position as budgeted for within the Medium Term Financial Strategy approved by Council on 29 February 2024 and detailed in our monitoring position presented to Cabinet on a monthly basis. This demonstrates that significant management action is required over the remainder of the financial year to ensure the Council's financial survival. While all Cabinet Reports provide the financial implications of decisions being taken, this may change as officers review the overall financial situation and make decisions aligned to financial survivability. Where non-essential spend is identified within the Council, this will be reduced. This may involve
- scaling down initiatives,
  - changing the scope,
  - delaying implementation, or
  - extending delivery timescales.
- 5.2. This report considers the overall financial position of the Authority in the form of the Council's Statement of Accounts. The accounts consider the level of assets controlled and owned by the Authority, and the level of balances of held.
- 5.3. The ability of the finance team in the Council and the local audit team to meet with nationally set deadlines is a measure of the overall efficiency and effectiveness of the audit process.

## 6. Climate Change Appraisal

- 6.1. The information contained within this report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation; or on climate change adaptation.

## 7. Background

- 7.1. The Accounts and Audit Regulations 2015 state that members are required to approve the annual accounts after, rather than before, the findings of the audit are known. The statutory deadline for audited accounts to be published is 30<sup>th</sup> September, however Grant Thornton have stated that they will be unable to meet this timeframe and were instead planning to finalise the audit of the 2023/24 accounts by 30 November.

## 8. Additional Information

- 8.1. The audit of the Statement of Accounts has been progressing since August and is not yet complete. Whilst good progress has been made on a significant proportion of the audit, the auditors have recently made us aware that a material change will be needed to the accounts in relation to the IAS19 figures used for pensions. This is because the Internal Rate of Return used by the actuary was based on estimated figures, and if the actual Internal Rate of Return was now used this would provide a material difference to the value of pension assets and liabilities. The Council are now securing the necessary information from the actuary and will look to resolve this issue in the final Statement of Accounts. Failure to amend for this item would likely result in the auditor having to qualify their opinion on the Statement of Accounts, which the Council wishes to avoid on such a minor technicality.
- 8.2. There are also several audit queries that remain outstanding despite the work that has progressed on the audit to date. Unfortunately, it has not been possible to finalise and close down these queries prior to the November deadline. It is therefore proposed that this work will be finalised in December and therefore an additional Audit Committee has been established to enable the audited Statement of Accounts to be approved, and the Letter of Representation be drafted to provide the auditor with the assurance that the information submitted in the accounts is accurate and all material information has been provided to them. The auditors will also present the Audit Findings Report for 2023/24 at the December Audit Committee which will provide the audit opinion on the accounts.
- 8.3. Outstanding areas to be resolved to complete work for the AFR include several areas linked to how external audit can place reliance on the work of third parties. These include
- Valuation of CDL properties
    - o The properties owned by CDL were Audited by their appointed external auditors. Before GT accepted those valuations it was necessary to determine whether the external auditors for CDL visited the sites being valued physically to confirm the state of the assets being valued for themselves. The asset value of c £30m is included in the group Accounts of the council as well as in the CDL Accounts already approved by their

- board. There was a risk of material misstatement but that would not affect the fundamental position of the council. This is being resolved.
- To note – there is no impact on the council or the accounts until CDL disinvest from property assets. The issue relates to the trust placed in third party valuations (estimates).
  - Valuation of Council properties
    - The valuation of properties owned directly by the council. This is undertaken by a retained quantity surveying firm. An officer of the council acts as the key contact in the council. Sadly, that officer (who has assisted the process in recent years), was taken ill and died suddenly. Other officers picked up this work to ensure timely response to audit questions. This is also largely resolved.
    - To note – there is no overall impact on the council or the Accounts until assets are sold or purchased. The issue again relates to the trust placed in third party valuations (estimates).
  - Valuation of pension fund assets and liabilities relating to the Council (IAS19)
    - This valuation was undertaken in May as part of preparing the pre-audit Accounts for 31 May. Prior to confirming the Audit Findings Report (AFR) before this committee meeting, a request was lodged by GT for an updated IAS19 report, further to progress on the pension fund audit.
    - To note – there is no overall impact on the council or the accounts until investments are cashed and pension liabilities arise. The issue also relates to the trust placed in third party valuations (estimates).

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

Audit Committee, 27<sup>th</sup> June 2024 – Approval of the Council’s Draft Statement of Accounts 2023/24

**Local Member:** All

**Appendices**

None