

THE FINANCIAL REPORT 2024/25 AND AUDIT COMPLETION REPORT

JOINT REPORT OF THE TREASURER AND FORVIS MAZARS



For Approval

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide an update on the process for Members approving the 2024/25 Financial Report (including the Statement of Accounts) and receiving Mazars Audit Completion Report.

2. RECOMMENDATIONS

- 2.1 It is recommended that Members:
- i) approve the 2024/25 Financial Report attached at Appendix A.
 - ii) note the Audit Completion report at Appendix B;(to follow).
 - iii) note the Management Letter of Representation will be issued once the audit has concluded.
 - iv) Note and agree, should a material accounting error be identified in the outstanding work which does not result in a change to the authority's useable reserves, but requires amendments to the Financial Report, that these amendments are actioned and delegated authority be given to the Treasurer in consultation with the Chair of this Committee.

3. BACKGROUND

- 3.1 In accordance with the Accounts and Audit Regulations 2015, all Local Authorities are required to produce a draft annual Statement of Accounts. For 2024/25 the deadline was 30th June 2025.
- 3.2 The draft Financial Reports, excluding the Group Accounts, were published on the Authorities website on 30th June 2025, following presentation to the Audit and Governance Committee on 27th June 2025.
- 3.3 The statutory deadline for the audit to be completed and for the Authority to publish its Audited Statement of Statement of Accounts was 30th September 2025.

- 3.4 Owing to a national backlog of local government Audit work a backstop date to publish Audited Statement of Accounts of 27th February 2026 has been set for 2024/25.

4. UPDATE FROM TREASURER

- 4.1 The audit is substantially complete, and it is not expected there will be any changes to the Authority's usable reserves. This is the desired outcome as the usable reserves underpin the Medium-Term Financial Strategy.
- 4.2 Forvis Mazars will provide a verbal update at the meeting on the process for completing the 2024/25 audit. This will include presenting their audit report which will not express an opinion on the financial statements and detail the reasons for a disclaimer of opinion.
- 4.3 The financial statements for 2024/25 are the 29th annual financial statements as a standalone Authority. In the previous 28 years the Authority received unqualified audit opinions on the financial statements and value for money arrangements. An unqualified audit opinion is desired outcome, as it means no significant audit issues had been identified.
- 4.4 The position for 2024/25 is solely the result of the Authority being unable to produce Group Accounts following the liquation of Cleveland Fire Brigade Risk Management Services (the CIC). The Authority had prepared Group Accounts for all previous years covering the existence of the CIC (2013/14 to 2023/24). A comprehensive report on the lessons learnt from the liquation of the CIC was considered by the Audit and Governance Committee on 21st November 2025
- 4.5 To mitigate the 2024/25 inability to produce Group Accounts and to be clear about the direct financial impact of this position on the Authority a detailed Post Balance Sheet note has been included in the financial statement. This disclosure also details the net liabilities of the CIC. This information had previously been reported to the Authority and the Audit and Governance Committee to provide clear public accountability.
- 4.6 In view of the disclaimed audit opinion, I wish to assure members in my capacity as section 151 officer, that this does not impact on the Authority's Usable Reserves, which underpin this Medium-Term Financial Strategy. This assurance is based on experience over 27 years (1996/97 to 2023/24) when the Usable Reserves figures published in the draft accounts have been confirmed unchanged during the Audit process. This period includes the last 11 years when I have been the section 151 officer. This position reflects the robust arrangements for preparing the financial statements.

5. AUDIT COMPLETION REPORT 2024/25

5.1 A copy of the Audit Completion Report (ACR) is attached at Appendix B.

This section is to follow.

CHRIS LITTLE
Treasurer

JAMES COLLINS
Forvis Mazars LLP