

THE FINANCIAL REPORT 2022/23 AND AUDIT COMPLETION REPORT



JOINT REPORT OF THE TREASURER AND FORVIS MAZARS LLP

For Information

1. PURPOSE OF REPORT

1.1 The purpose of this report is to:

- i) present Forvis Mazars LLP (the new name for Mazars from 1 June 2024) Audit Completion Report and Annual Auditors Report.
- ii) Enable Members to approve the 2022/23 Financial Report.

2. RECOMMENDATIONS

2.1 It is recommended that Members:

- i) Approve the 2022/23 Financial Report (including the Statement of Accounts) attached at Appendix A
- ii) note the Audit Completion Report (ACR) attached at Appendix B and ACR follow up letter attached at Appendix C
- iii) note the Management Letter of Representation will be issued once the audit has concluded
- iv) note the Auditors draft Annual report attached at Appendix D

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 2022/23 the deadline was 31 May 2023.

3.2 Owing to the delay in the publication of the 2022/23 pension reports, which were received on 22 May 2023, the draft Financial Report was not published on the Authorities website until 16 June 2023 and presented to the Audit and Governance Committee on 25 August 2023.

3.3 Owing to a backlog of local government Audit work the external audit did not commence until January 2024.

- 3.4 A report was presented to the Executive Committee on 17 May 2024 to advise Members that the External Auditors had substantially completed the audit review. This report enables the Financial Report for 2023/24 to be finalised.

4. AUDIT COMPLETION REPORT 2022/23

- 4.1 A copy of the Audit Completion Report (ACR) is attached at **Appendix B** and the ACR follow is letter is attached at **Appendix C**. In summary the audit review for 2022/23 is now complete and the External Auditors have issued an unqualified audit opinion, without modification, on the financial statements. There were three misstatements identified which I have adjusted the accounts for as follows:

- The Authority has a 5-year rolling programme for the revaluation of its assets. In accordance with the agreed audit protocol the valuer undertook a desktop valuation of all specialised buildings which were not due for formal revaluation in 2022/23. However, to use the most recent indices and fully account for inflation in construction costs up to 31 March 2023 the exercise was not completed until after the Authority had approved the draft accounts. As the exercise indicated a material increase in the accounting value of buildings the accounts have been updated to reflect this information.
- The surplus on the Local Government Pension Scheme was netted off the deficit on the Firefighters Pension Scheme in the draft accounts. The accounts now reflect a Pension Asset for the LGPS and a pension deficit on the Fire Fighters Pension Scheme.
- The Services Grant was included as 'Credited to Services' when it should have been classified as credited to 'Taxation and Non- Specific Grant Income.'

- 4.2 The accounting changes referred to in paragraphs 4.2 and 4.3 do not impact on the Authority's cash reserves which are earmarked to manage financial risks and to fund the approved Asset Management Plan. Confirmation of the cash reserves at the 31 March 2023 means the current approved Medium Term Financial Strategy was prepared on an accurate and robust assessment of these key reserves.

- 4.3 There were also a small number of disclosure amendments identified which have also been amended. Details of these and the misstatements are shown within Section 6 of the ACR.

- 4.4 There are no significant findings or recommendations in relation to internal controls as at the date of this report.

5. AUDITOR'S DRAFT ANNUAL REPORT 2022/23

- 5.1 This draft report is attached at **Appendix D** and will be finalised once the Financial Report is approved. The draft Annual Report includes the External Auditors opinion of the Authority's arrangements for securing Value for Money and an unqualified opinion will be provided.

6. CONCLUSION

- 6.1 Forvis Mazars LLP have now completed their comprehensive audit work and have issued an unqualified audit opinion, without modification, on the financial statements. Following consideration of this report and approval of the Financial Report the External Auditor will sign of the 2022/23 financial year on 10 June 2024. The audited Financial Report will be published on the Authority's website.
- 6.2 An unqualified Value for Money report will also be issued by Forvis Mazars LLP. These two reports complete the external process for 2022/23 and provide another positive audit outcome for the Authority.

CHRIS LITTLE
TREASURER TO THE AUTHORITY

GAVIN BARKER
FORVIS MAZARS LLP