

Title:	The Annual Governance Statement 2023/24 and adoption of the Statement of Accounts 2023/24
Meeting:	Audit Committee
Date:	27 January 2025
Classification:	Part 1
Key Decision:	No
Report Authors:	Pete Bates, Director of Financial Services Caroline Fozzard, Head of Corporate Finance
Executive Councillor:	Councillor Collins - Cabinet Member for Finance, Assets and Investments

1 Executive Summary

- 1.1 The Annual Governance Statement for 2023/24 was presented to Audit Committee on 17 July 2024 and approved, subject to any further views expressed by External Audit. This report is to recommend the final Annual Governance Statement for 2023/24 to the Leader of the Council and Chief Executive for authorisation and signature.
- 1.2 This report also recommends the adoption of the Statement of Accounts 2023/24.

2 Recommendation

- 2.1 **That Audit Committee recommends the Annual Governance Statement for 2023/24 to the Leader of the Council and Chief Executive for authorisation, signature, and incorporation in the Statement of Accounts 2023/24.**
- 2.2 **That Audit Committee agrees that the Statement of Accounts for 2023/24 be adopted and approved for publication, subject to any final review and amendments required as a result of the remaining external audit matters outstanding.**

3 Background

The Accounts and Audit (Amendment) Regulations 2024

3.1 Southend-on-Sea City Council’s unaudited Statement of Accounts for 2023/24 were published on 31 May 2024, thereby meeting the publication deadline. This was achieved by the dedication, expertise, and commitment of finance colleagues and with the support and co-operation of many other staff across the Authority.

3.2 To address the significant backlog of unaudited accounts in the Local Government sector, the Government updated the regulations for the finalisation and auditing of accounts for all local authorities. The changes include publication of outstanding audited accounts for financial years 2015/16 up to and including 2022/23 by a statutory backstop date of 13 December 2024. A series of further backstop dates for subsequent financial years were set as follows:

Financial year	Backstop date
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

3.3 Limited exemptions apply where:

- The auditor is considering an objection that may have a material impact on their opinion on the financial statements.
- In the auditor’s judgement recourse to the Court could be required.
- The auditor is unable to satisfy themselves as to whether there are significant weaknesses in the body’s arrangements to secure economy, efficiency and effectiveness in its use of resources

3.4 Unless one of those exemptions apply, any Local Authority that fails to comply with a backstop date will be required to publish an explanation, to send a copy of this to the Secretary of State (to facilitate scrutiny) and to publish audited accounts as soon as practicable.

3.5 As at 30 September 2024, when this amendment to the regulations came into force, Southend-on-Sea had published signed and audited Statement of Accounts for all years up to and including 2021/22. On 28 November 2024 the signed and audited Statement of Accounts for 2022/23 were published, thereby meeting the statutory backstop date for that financial year.

Audit of the 2023/24 financial statements

3.6 This needs to be viewed within the context of the delayed audit of the 2020/21 financial statements, and the knock-on effect on the subsequent audits of the Statement of Accounts for 2021/22 and 2022/23. The 2023/24 audit is progressing well and it is the current expectation of our external auditors that it

will be possible to have the signed and audited Statement of Accounts for 2023/24 published in advance of the statutory backstop date of 28 February 2025.

- 3.7 In October 2024 Public Sector Audit Appointments published its latest update on the number of audits outstanding. The following table shows this information, with Southend's position shown for comparison:

Audit year	Statutory publication date for audited accounts	Percentage of audits complete by publishing date	Percentage of audits outstanding at 30 September 2024	Date of publication of Southend's audited accounts
2022/23	30/09/2023	1%	61%	28/11/2024
2021/22	30/11/2022	12%	31%	19/12/2023
2020/21	30/09/2021	9%	12%	19/04/2023
2019/20	30/11/2020	45%	5%	20/10/2020
2018/19	31/07/2019	57%	1%	30/07/2019

- 3.8 Once the Council's 2023/24 Statement of Accounts are adopted, signed and published, we will have caught up with the backlog of unaudited accounts and should be able to revert to normal audit timescales.
- 3.9 This Audit Committee meeting is the next key stage in the process of meeting our statutory requirements and for Councillors to be satisfied with the arrangements that have been made and to receive assurance over the accuracy and appropriate reporting of the Authority's financial statements for 2023/24.

Annual Governance Statement (AGS)

- 3.10 The Annual Governance Statement for 2023/24 was presented to Audit Committee on 17 July 2024 and was approved, subject to any further views expressed by External Audit.
- 3.11 Following the external auditors' review, no substantive changes were made.
- 3.12 Audit Committee is invited to recommend that the final Annual Governance Statement for the financial year 2023/24 is authorised and signed by the Leader of the Council and the Chief Executive.

Statement of Accounts 2023/24

- 3.13 The Accounts and Audit (Amendment) Regulations 2024 require that an Authority's audited Statement of Accounts for 2023/24 to be published by 28 February 2025, having been previously submitted to External Audit by the Chief Finance Officer by 31 May 2024.
- 3.14 Adoption of the Accounts can only be undertaken by the Council as a whole, or a Council Committee to which the function has been delegated. At Southend-on-Sea City Council, the Audit Committee has the delegated power to adopt the

Accounts. In adopting the accounts, the Audit Committee need to satisfy themselves that the process of drawing up the accounts is robust, and that all relevant guidance and standards have been satisfactorily followed. It is not the role of Audit Committee to pass comment on the financial outturn of the Authority per se, rather to ensure it is accurately reported.

- 3.15 Before adopting the Statement of Accounts 2023/24, Members need to understand how the structure of the accounts works. Appendix 1 guides Councillors through the various statements and the accompanying notes, drawing attention to any significant variances or changes year on year. This appendix therefore serves as an aid to support and ensure robust scrutiny of the Accounts prior to their adoption.
- 3.16 Councillors will also be mindful of the findings of the Council's external auditors KPMG LLP regarding the Accounts, as contained within their report elsewhere on this agenda. Councillors will note that the external auditor is anticipating issuing an unqualified opinion on the financial statements, however they still have a few matters outstanding.
- 3.17 The auditors are also required to consider the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office has issued a revised approach to "Value for Money" work which adds a regime of narrative reporting to the auditors' work and leads to a publicly issued Annual Auditor's Report. KPMG's Value for Money work for 2023/24 is continuing and the outcome will be reported in their final Auditor's Annual Report for 2023/24 which will be presented at the meeting of Audit Committee that has been arranged for 25 February. The external auditors have to satisfy themselves that there are no significant value for money concerns before they formally issue their audit opinion on the accounts.
- 3.18 The Statement of Accounts 2023/24 is attached at Appendix 2. After due consideration, Councillors are invited to adopt them, subject to any final review and amendments required as a result of the remaining audit matters outstanding.

4 Next Steps

- 4.1 Following adoption and any final review and amendments required as a result of the remaining audit matters outstanding, the Statement of Accounts for 2023/24, incorporating the Annual Governance Statement and the signed Audit opinion issued by KPMG LLP will be formally published on the Council's website.

5 Financial Implications

- 5.1 All officers have been required to adopt robust financial management arrangements within their service areas.
- 5.2 The Statement of Accounts is required to present a true and fair view of the Council's financial position as at 31 March 2024 and also the income and expenditure for that financial year.

6 Legal Implications

6.1 The Accounts and Audit Regulations 2015:

- Section 6(1)(a) require an authority, each financial year, to conduct a review of the effectiveness of the system of internal control.
- Section 6(1)(b) requires it to prepare an Annual Governance Statement.

6.2 Section 6(2) requires the:

- findings of the review to be considered by a committee or by members of the authority meeting as a whole.
- annual governance statement to be approved by a committee or by members of the authority meeting as a whole.

6.3 Section 6(4) requires that the annual governance statement must be:

- approved in advance of the authority approving the statement of accounts.
- prepared in accordance with proper practices in relation to accounts.

6.4 Proper practice in this sense is defined as guidance issued by the relevant professional body, which for local government is the CIPFA / SOLACE Framework. This requires local authorities to produce a Local Code of Governance and sets out the operational framework that it should adopt.

6.5 Therefore, the work undertaken to support and produce the Annual Governance Statement satisfies the requirements of the Accounts and Audit Regulations 2015.

6.6 The Statement of Accounts is a statutory document required by the Accounts and Audit Regulations 2015 issued by the Secretary of State. Those regulations (as amended in 2024) require that the audited Statement of Accounts 2023/24 are adopted and published by 28 February 2025.

7 Carbon Impact

7.1 None arising from this report.

8 Equalities

8.1 There are no equalities implications arising from this report.

9 Consultation

9.1 There are no consultation implications arising from this report.

10 Background Papers

Detailed working papers held by the Finance and Resources Directorate and Strategy and Change Directorate.

11 Appendices

Appendix 1 Overview of the Statutory Statement of Accounts 2023/24

Annex 1 Southend-on-Sea City Council – 2023/24 Group Structure

Appendix 2 Statutory Statement of Accounts 2023/24

Report Authorisation

This report has been approved for publication by:

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	Name:	Date:
S151 Officer	Joe Chesterton	16/01/2025
Monitoring Officer	Susan Zeiss	17/01/2025
Executive Director	Joe Chesterton	16/01/2025
Relevant Cabinet Member	Councillor Collins	16/01/2025