

## Audit Committee – 24 January 2025

### Final Annual Financial Report 2023/24 including Final Annual Governance Statement

Purpose	For Decision
Classification	Public
Executive Summary	This report sets out the requirements and reasoning for the request for delegated authority to be given for the approval of the final 2023/24 Annual Financial Report including the Letter of Representation and additionally recommends that the final Annual Governance Statement 2023/24 be approved.
Recommendation(s)	<p><b>It is recommended that Audit Committee:</b></p> <ol style="list-style-type: none"><li><b>1. Agree that the Strategic Director Corporate Resources and Transformation (Section 151 Officer), in consultation with the Chairman of the Audit Committee, be given delegated authority to review and consider the 2023/24 Audit Completion Report from the Council's external auditor.</b></li><li><b>2. Agree that further to the review, the Strategic Director Corporate Resources and Transformation (Section 151 Officer), in consultation with the Chairman of the Audit Committee, be given delegated authority to approve:</b><ol style="list-style-type: none"><li><b>a. the Annual Financial Report for 2023/24 and</b></li><li><b>b. the 2023/24 letter of representation</b></li></ol></li><li><b>3. Agree the Final Annual Governance Statement 2023/24 be approved by</b></li></ol>

	<b>the Chief Executive and Leader of the Council.</b>
Reasons for recommendation(s)	<p>The Council is required to prepare, and have externally audited, an Annual Financial Report for each year and to prepare an Annual Governance Statement.</p> <p>This report seeks delegated authority for the Strategic Director Corporate Resources and Transformation (Section 151 Officer) to approve the final Annual Financial Report for 2023/24 and the associated letter of representation and additionally explains the reasons for the approach taken for this financial year's audit.</p> <p>Additionally, it is a requirement for the Final Annual Governance Statement to be approved.</p>
Ward(s)	All
Portfolio Holder(s)	Councillor Jeremy Heron – Finance and Corporate
Strategic Director(s)	Alan Bethune – Strategic Director Corporate Resources and Transformation (Section 151 Officer)
Officer Contact	<p>Paul Whittles</p> <p>Assistant Director – Finance</p> <p>02380 285766</p> <p>paul.whittles@nfdc.gov.uk</p>

## **Introduction and background**

1. This report provides an update to the Audit Committee on the audit of the 2023/24 Annual Financial Report and set out recommendations for the conclusion of the audit process.
2. Previous reports to the Audit Committee have set out the background to the national backlog of local authority audits, related to the 2023/24 and prior financial years.

3. For New Forest District Council all Annual Financial Reports, up to and including the 2022/23 financial year, have been produced and approved as final.
4. The government instigated a number of back stop dates to resolve the audit backlog. The backstop date for 2023/24 audits will be 28 February 2025.

### **Authorisation of the financial statements**

5. In order to be in a position to approve the suite of financial statements relevant to 2023/24 the Council has or will undertake these steps:
  - a. Approval of the Annual Financial Report for audit by the s151 Officer, this was completed on 31 May 2024.
  - b. Publishing the Annual Financial Report, this was completed on 31 May 2024.
  - c. Holding a minimum 30-day public inspection period for the Annual Financial Report, this was undertaken between 3 June and 12 July 2024.
  - d. Providing updated assurances related to the year in question, this information has been sought from the Chairman of the Audit Committee, s151 Officer, Monitoring Officer and Internal Audit Manager. No issues were identified that require reporting.
  - e. Reviewing and providing comments on the external auditor's Audit Completion Report – this is required to be done prior to the approval of the accounts in a timely manner in order to meet the 28 February 2025 backstop date.
  - f. Approving a final Annual Financial Report in a timely manner in order to meet the 28 February 2025 backstop date and is a subject of this report. This will be signed by the Chairman of the Audit Committee and s151 Officer.
  - g. Signing a Letter of Representation, normal practice is to complete this at the time the audit is finalised. This is a subject of this report and will be signed by the Chairman of the Audit Committee and s151 Officer.
  - h. Signing the final Annual Governance Statement. This is a subject of this report and will be signed by the Chief Executive and Leader of the Council.

- i. Publishing the final auditor's report and completion report with the final approved Annual Financial Report, plus the Annual Governance Statement for 2023/24, this is required to be completed by 28 February 2025.
6. The Annual Financial Report including the Annual Governance Statement is attached as an annex to this report. Ernst & Young are anticipating that their opinion will be issued on the accounts as they are currently presented.
7. One update has been made to the Annual Governance Statement since the draft was presented to the committee in May 2024. The update includes an additional paragraph (paragraph 23) to reflect the significant work being undertaken in relation to the roll-out of the new waste strategy.
8. To meet the expected backstop date, it is recommended that delegated authority be given to the Section 151 Officer, in consultation with the Chairman of the Audit Committee, to approve the final Annual Financial Report for 2023/24 and review of the final Audit Completion Report from Ernst & Young and to recommend that the Annual Governance Statement be signed by the Chief Executive and Leader of the Council.

### **Corporate plan priorities**

9. The Annual Financial Report is a public facing document that sets out a number of key financial figures related to the Council's financial performance and sustainability.
10. The external auditor's report provides assurance to stakeholders as to the effectiveness of the Council's internal control environment and its efficiency in securing value for money in the use of public funds.
11. It provides assurance on the financial standing of the Council and ensures that commitments to corporate plan can be delivered with adequate and sustainable financing.
12. Ensuring the council is being financial responsible, as evidenced by independent external audits, underpins all of our corporate plan themes (People, Place and Prosperity).

### **Options**

13. The options in this report are:
14. Option 1: to give delegated authority to the Strategic Director Corporate Resources and Transformation (Section 151 Officer), in

consultation with the Chairman of the Audit Committee, to review and consider the 2023/24 Audit Results Report and to approve the 2023/24 Annual Financial Report and associated letter of representation; and for the Annual Governance Statement 2023/24 be approved by the Chief Executive and Leader of the Council in order to meet the statutory deadlines.

15. Option 2: to call an additional audit committee meeting in line with the backstop date, with the risk that matters would remain unresolved at this time thereby requiring either delegation to be approved or further committee meetings to be scheduled.
16. Option 3: not to give the delegated authority to the Strategic Director Corporate Resources and Transformation (Section 151 Officer), in consultation with the Chairman of the Audit Committee, to review and consider the 2023/24 Audit Results Report and not to approve the 2023/24 Annual Financial Report and associated letter of representation, and not to approve the signing of the Annual Governance Statement, which could lead to the council not complying with its statutory duties by the deadline.

### **Options Appraisal**

17. The Annual Financial Report was prepared in accordance with CIPFA guidance and the Accounting Policies that were approved by the Audit Committee. The processes used were the same as those that have produced robust accounts in previous years.
18. The lack of a thorough external audit inspection of the 2022/23 Annual Financial Report did increase the risk that a material misstatement may have existed and was not identified. No changes were requested by Ernst & Young LLP from their work that was undertaken regarding the Annual Financial Report 2022/23, there were however some changes as a result of the conclusion of the audit of the Annual Financial Report for 2021/22.

Therefore, a disclaimed opinion is anticipated for the 2023/24 Annual Financial Report as Ernst & Young LLP were unable to verify the balances brought forward from the 2022/23 Annual Financial Report.

19. The next meeting of the audit committee is not until after the 28 February 2025 backstop deadline and Ernst & Young anticipate completing their work within this timescale.
20. Therefore, Option 1, to give delegated authority to the Strategic Director Corporate Resources and Transformation (Section 151 Officer), in consultation with the Chairman of the Audit Committee, to review and consider the 2023/24 Audit Results Report and to

approve the 2023/24 Annual Financial Report and associated letter of representation, and for approval of the Annual Governance Statement by the Chief Executive and Leader of the Council is the recommended option.

21. Any changes to the accounts undertaken using the proposed delegated authority, together with the issued opinion for the 2023/24 Annual Financial Report will be reported to the next meeting of this Committee.

### **Consultation undertaken**

22. Consultation between the council and our external auditors and advisors has been continuous throughout as the audit has developed.
23. Audit Committee has been appraised of the progress to date at each opportunity.

### **Financial and resource implications**

24. The Annual Financial Report has been prepared by officers using existing resources.

### **Legal implications**

25. There are no legal implications arising as a result of the recommendations in this report.

### **Risk assessment**

26. An evaluation of the risks indicates that the existing controls in place mean that no significant risks that been identified at this time.

### **Environmental / Climate and nature implications**

27. There are no environmental or climate and nature implications as a result of this report.

### **Equalities implications**

28. There are no equality matters arising as a result of this report.

### **Crime and disorder implications**

29. There are no crime and disorder matters arising as a result of this report.

### **Data protection / Information governance / ICT implications**

30. There are no data protection, information governance or ICT implications arising as a result of this report.

**Appendices:**

Draft Annual Financial Report  
2023/24 including  
Annual Governance Statement  
2023/24

**Background Papers:**

None