



Governance Scrutiny Group

Thursday, 19 September 2024

Draft Annual Audit Report

Report of the Director – Finance and Corporate Services

1. Purpose of report

- 1.1. The attached Draft Annual Audit Report from Forvis Mazars summarises progress on the audit process for the 2023/24 financial year. It reiterates the key conclusions of the Audit Completion Report on the 2023/24 Accounts and the Report to those Charged with Governance, which are considered by the Governance Scrutiny Group on this agenda.
- 1.2. Forvis Mazars have completed their work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and the attached report provides commentary on the Council's arrangements. No significant weaknesses in arrangements were identified and there are no recommendations arising.
- 1.3. Forvis Mazars will issue their conclusion to the audit once any outstanding items have been resolved (see section 2 of the Audit Completion Report).
- 1.4. The report is very positive particularly given the continued pressures and the significant proportion of accounts that have not yet been signed off across the sector. No major concerns have been raised and no actions are required in relation to the report.

2. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group note the receipt of the Draft Annual Audit Report at Appendix A.

3. Reasons for Recommendation

To ensure that due regard has been given to issues and concerns raised by the Council's external auditors.

4. Supporting Information

- 4.1. The Auditors Annual Report for 2023/24 is attached at Appendix A.
- 4.2. The sector remains under considerable pressure due to a backlog of audits however the Council is in the minority and is up to date with its audit sign off. Delays in Forvis Mazars gaining assurance from the Pension Fund Accounts (Nottinghamshire County Council being the accountable body) mean that the accounts sign-off may again for the fifth year not meet the statutory deadline of 30 September 2024. However the opinion should be issued well in advance of the governments 'backstop' date of 28th February 2025. There were no significant issues that have arisen during the 2023/24 financial year.
- 4.3. Forvis Mazars are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The table below summarises the outcomes of their work against each of the three reporting criteria, including whether they have identified any significant weaknesses in arrangements or made other recommendations.

Reporting Criteria	Identified risks of significant weakness?	Actual risks of significant weakness?	Other recommendations made?
Financial Sustainability	No	No	No
Governance	No	No	No
Improving economy, efficiency and effectiveness	No	No	No

5. Risks and Uncertainties

There is a risk that due to the aforementioned backlogs and delays in the audit of the pension fund, the Council's accounts for 2024/25 may not meet the statutory deadline for sign-off by 30 September 2025 however with a series of measures announced by Government the pressure across the sector should reduce ensuring audits remain on track. The Council maintain ongoing dialogue with Forvis Mazars on new matters and the timetable for the 2024/25 audit.

6. Implications

6.1. Financial Implications

The existing budget covers the scale fee for audit work of £128k (£41k for 2022/23) which increased substantially as a result of a national tender by PSAA. The scale fee now includes fees in relation to new audit requirements which were previously charged as fee variations. This is consistent with other authorities and reflects supply and demand in the audit market and the backlog of work and the impact on audit firms resourcing the work. The Council has received additional grant funding of £18k towards this increase. There are proposed fee variations of £9k (£15k in 22/23) relating to additional audit work on new auditing standard ISA315 (further work in relation to IT system controls).

6.2. Legal Implications

There are no direct legal implications arising from the recommendations of this report.

6.3. Equalities Implications

There are no equalities implications connected to the recommendations of this report.

6.4. Section 17 of the Crime and Disorder Act 1998 Implications

There are no Section 17 implications connected to the recommendations of this report.

6.5. Biodiversity Net Gain Implications

There are no Biodiversity Net Gain implications connected to the recommendations of this report.

7. Link to Corporate Priorities

Quality of Life	None
Efficient Services	Undertaking a programme of external audit ensures that proper and efficient services are delivered by the Council.
Sustainable Growth	None
The Environment	None

8. Recommendations

It is RECOMMENDED that the Governance Scrutiny Group note the receipt of the Annual Audit Report at Appendix A.

For more information contact:	Peter Linfield Director - Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
Background papers available for Inspection:	None.
List of appendices:	Appendix A – Forvis Mazars Annual Audit Report 2023/24