

# Brighton & Hove City Council

## Audit, Standards & General Purposes Committee

## Agenda Item 22

**Subject:** Audited Statement of Accounts 2023/24

**Date of meeting:** 24 September 2024

**Report of:** Ali McManamon, Acting Corporate Director, Corporate Services

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**Ward(s) affected:** All

### For general release

Note: Urgency

By reason of the special circumstances below, and in accordance with section 100B(4)(b) of the 1972 Act, the Chair of the meeting has been consulted and is of the opinion that this item should be considered at the meeting as a matter of urgency.

Note: Reasons for urgency

The special circumstances for non-compliance with Council Procedure Rule 3, Access to Information Procedure Rule 5 and Section 100B(4) of the Local Government Act 1972 (as amended), (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) were that final checks by officers and the council's external auditors were still being completed on the audited Statement of Accounts.

### 1. Purpose of the report and policy context

- 1.1 This report provides information about the audit of the council's 2023/24 Statement of Accounts and recommends approval of the 2023/24 audited accounts and the Letter of Representation on behalf of the council. The accounts should be viewed alongside the council's Annual Governance Statement (AGS) which is also approved by the Audit, Standards & General Purposes Committee.
- 1.2 The council's external auditors for 2023/24 are Grant Thornton who are required to give assurance that the accounts are free from material misstatement and to report significant matters arising from the audit. Grant Thornton will be presenting their findings to this Committee through their Audit Findings Report elsewhere on this agenda, after which they will normally be able to issue their audit opinion and the accounts can be formally published subject to the Committee's approval.

1.3 This report presents the updated 2023/24 accounts following the outcome of the audit process. It outlines any amendments made to the accounts and provides assurances in relation to the preparation of the accounts. It also informs the committee of the outcome of the public inspection of the accounts. Copies of the final accounts are available on-line and are provided at Appendix 3.

## **2. Recommendations**

2.1 That Committee notes the findings of the external auditor Grant Thornton as set out in their audit findings report (a separate item on this agenda).

2.2 That Committee notes the results of the public inspection of the accounts (paragraph 5).

2.3 That Committee approves the Letter of Representation on behalf of the council (Appendix 1).

2.4 That Committee approves the audited Statement of Accounts for 2023/24 (Appendix 3) subject to any final amendments.

2.5 That Committee delegates authority to the Chief Finance Officer for any final wording or immaterial adjustments to the accounts prior to publication

## **3. Context and background information**

3.1 The main legislative requirements relating to the preparation, publication and audit of the council's accounts are contained in the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 (as amended).

3.2 It is a requirement that the annual accounts be prepared as soon as practicable after the end of the financial year and considered and approved by a resolution of the committee charged with governance or the Full Council by the specified statutory deadline. Therefore, the accounts must be published and signed off by the external auditor as soon as reasonably possible after the conclusion of the audit.

3.3 The statutory deadline for consideration and approval of the accounts by Members is 30 September. Under the council's constitution, the Audit, Standards & General Purposes Committee is charged with the responsibility of the approval of the accounts.

### **Format of the Accounts**

3.4 Local authority accounts are not viewed from a commercial perspective, for example, in terms of an authority's attractiveness for possible merger or acquisition. Instead, local authorities are viewed in terms of their financial resilience, effective financial management and general viability. The 'going concern' concept does apply to local authority accounts in principle but does not apply in practice as evidenced in the case of local authorities who have

issued s114 notices and who would be insolvent if they were not local authorities effectively underwritten by the UK government.

- 3.5 The purpose of the accounts therefore is to provide information to a wide range of stakeholders and the general public about the financial position, financial performance and cash flows of the council and to provide answers to basic questions such as:
- What did the council's services and capital programme cost in 2023/24?
  - Where did the money come from?
  - What does the council own?
  - What commitments and liabilities does the council have and what provisions and reserves has the council set against these?
  - What amounts were due and what was owed at the end of the financial year?
- 3.6 In accordance with the Accounts and Audit Regulations, the accounts include:
- A narrative report;
  - A Statement of Responsibilities;
  - The core financial statements (Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and Cash Flow Statement);
  - The Supplementary statements (Housing Revenue Account and Collection Fund), and;
  - The Notes to the accounts.
- 3.7 The narrative report aims to offer interested parties a more readable guide to the most significant matters reported in the accounts. A brief commentary on the key aspects of the 2023/24 accounts is included in **Appendix 2** to this report.
- 3.8 The statements would normally comprise both "Single Entity Accounts", which are in respect of wholly council controlled activities, and "Group Accounts" in respect of activities where the council has a significant interest or share in a subsidiary, associate or joint venture entity. The requirement for the preparation of Group Accounts in 2023/24 has been considered and it was concluded that there were no material transactions in the 2023/24 financial year that would have required Group Accounts.
- 3.9 Grant Thornton have made significant progress on their work on the audit of the accounts and will be reporting their findings separately to this Committee through the 2023/24 Audit Findings Report (elsewhere on this agenda). Following this report and resolution of any outstanding audit matters, Grant Thornton will normally be able to issue their audit opinion and the accounts can be formally published.

## **Preparation of the Accounts**

- 3.10 The council is required to prepare its accounts on an International Financial Reporting Standards (IFRS) basis in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA); the 2023/24 accounts cover the period 1 April 2023 to 31 March 2024. There has been no deviation from the requirements of the Code and all accounting policies adopted by the council for the 2023/24 accounts are in line with the requirements of the Code. For 2023/24 there were no significant changes in reporting requirements under the Code of Practice.
- 3.11 The accounts are prepared by appropriately qualified and trained officers who have undertaken appropriate training on the requirements for preparing local government accounts. Finance officers involved in the preparation of the accounts attend regular training and/or workshops to ensure an up-to-date knowledge, including latest accounting code changes. Officers have made reference to CIPFA's practitioner's guidance notes, disclosure checklists and other technical guidance in preparing the accounts to ensure compliance with all statutory and other regulatory requirements. Officers have also liaised closely, during the preparation of the accounts, with Grant Thornton over the application of the Code to the 2023/24 accounts.
- 3.12 In preparing the accounts, the council makes a number of critical judgements, accounting estimates and assumptions; the details are disclosed in Note 3 Critical Judgements and Assumptions Made in the accounts. As part of the accounts preparation process, a full review of the financial statements, notes and critical accounting transactions was undertaken by senior officers within Finance. Following this review, the accounts were then approved by the Chief Finance Officer to be issued for public inspection and audit. Evidence of this review formed part of the working papers produced for Grant Thornton.
- 3.13 During the accounts audit process, officers liaised closely with Grant Thornton in respect of audit queries and worked closely to ensure successful resolution of these queries as expediently as possible. During the audit of the 2023/24 accounts, there have been no disputes between council officers and Grant Thornton in relation to the required amendments to the accounts.

## **Audit of the Accounts**

- 3.14 Grant Thornton has undertaken the audit of the council's accounts and reports its findings and recommendations in its Audit Findings Report which forms a separate item of this committee agenda. As external auditor, Grant Thornton are responsible for forming an opinion on the financial statements and forming a conclusion on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources (completing a Value for Money review).
- 3.15 Compilation of the financial statements relies on data extracted from the financial systems, including those systems which interface into the financial

system. It is therefore important for Grant Thornton to be satisfied that these systems have adequate controls in place so that assurance can be given on the integrity of the information held within them. As confirmed in the audit findings report the council's financial statements are free of material misstatements and omissions.

- 3.16 Grant Thornton's 2023/24 audit findings report states that an unqualified audit opinion is expected to be issued subject to the satisfactory conclusion of a number of outstanding audit queries by 30 September. The Grant Thornton Annual Auditor's Report (Value for Money work) is elsewhere on this agenda.
- 3.17 It is a requirement that the council's Annual Governance Statement is approved annually either before or alongside approval of the financial statements. This was approved at the June 2024 meeting of the Audit, Standards & General Purposes Committee.

#### **4. Analysis and consideration of alternative options**

- 4.1 Under the Accounts and Audit Regulations 2015, as amended, the council's 2023/24 accounts are to be approved by the Chief Finance Officer no later than 31 May and following the audit process are to be approved by Members no later than 30 September. Under the Council's constitution, the Audit, Standards & General Purposes Committee is charged with this responsibility.
- 4.2 After the accounts have been made available for public inspection, alterations to the accounts may only be made with the consent of the external auditor, Grant Thornton.

#### **5. Community engagement and consultation**

- 5.1 Members of the public, in accordance with the Accounts and Audit Regulations 2015, are granted access for a period of 30 working days to the council's unaudited accounts and are invited to enquire on any aspect of these accounts. If a member of the public is not satisfied with the response received, they are able to lodge a formal objection to the accounts with Grant Thornton. The accounts were formally made available for public inspection on the council's web site from 3 July to 11 August 2024. The council received one enquiry in respect of Early Years and refugee and asylum seeker support expenditure as part of the public inspection process.

#### **6. Conclusion**

- 6.1 Grant Thornton have carried out their audit of the 2023/24 accounts and have reported their findings and recommendations arising from the audit of the accounts as a separate item on this agenda. The main changes resulting from the audit are included in the Audit Findings Report to ensure members are aware of the changes to the accounts agreed with Grant Thornton prior to their approval. As noted in the Audit Findings Reports, there are a small

number of outstanding queries that the auditor will need to conclude before being able to issue their formal opinion and complete the audit.

## **7. Financial implications**

7.1 The financial implications are included in the body of this report.

Finance officer consulted: Jane Strudwick Date consulted : 17/09/24

## **8. Legal implications**

8.1 The legal framework for approving the council's statement of accounts is provided by regulation 9 of the Accounts and Audit Regulations 2015 (statutory instrument 2015/234), as amended by the Accounts and Audit (Amendment) Regulations 2021 (statutory instrument 2021/263). Those Regulations permit either full Council or a Committee of the Council to consider the statement of accounts and formally approve it. At Brighton & Hove City Council, the Audit, Standards & General Purposes Committee has been given delegated responsibility to carry out this function.

Lawyer consulted: Victoria Simpson Date consulted: 17.09.2024

## **9. Equalities implications**

9.1 No direct implications

## **10. Sustainability implications**

10.1 No direct implications

## **Supporting Documentation**

### **1. Appendices**

1. Letter of representation 2023/24
2. Brief Commentary on the 2023/24 Statement of Accounts
3. Brighton & Hove City Council 2023/24 Statement of Accounts

### **2. Background documents**

1. Audited Brighton & Hove City Council 2023/24 Statement of Accounts and associated working papers.