Brighton & Hove City Council

Audit, Standards & General Purposes Committee

Agenda Item 36

Subject: **Audited Statement of Accounts 2025/26 and Letter of Representation**

Date of meeting: **24 November 2026**

Report of: **Chief Finance Officer**

Contact Officer: **Name: Jane Strudwick**
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Ward(s) affected: **All**

For general release

1. Purpose of the report and policy context

1.1 The purpose of this report is to present the Council's audited Statement of Accounts for the financial year ending 31 March 2026 and to seek the Audit Committee's approval of:

- The audited Statement of Accounts for 2025/26;
- The Letter of Representation to the External Auditor; and
- Delegated authority to the Chief Financial Officer, in consultation with the Chair of the Audit Committee, to make any final non-material amendments required prior to publication.

1.2 The report also provides Members with an overview of the audit process, key matters arising from the audit and confirmation of the arrangements in place to ensure the integrity and quality of the Council's financial reporting.

2. Recommendations

2.1 That Committee approves the audited Statement of Accounts for the year ended 31 March 2026.

2.2 That Committee authorises the Chair of the Audit Committee to sign the Statement of Accounts on behalf of the Council.

2.3 That Committee approves the Letter of Representation and authorises its signature by the Chief Finance Officer.

2.4 That Committee notes the findings reported by the external auditor.

2.5 That Committee delegates authority to the Chief Finance Officer, in consultation with the Chair of the Audit Committee, to make any final presentational, clerical or non-material amendments required prior to publication.

3. Context and background information

Executive Summary

3.1 The Statement of Accounts for 2025/26 has been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom and all relevant statutory requirements.

3.2 The accounts have been subject to a comprehensive programme of quality assurance, professional review and external audit scrutiny. Throughout the audit process, Council officers have worked closely and constructively with the External Auditor to ensure that all audit enquiries have been addressed in a timely and transparent manner.

3.3 The audit has resulted in a number of amendments and disclosures designed to improve the accuracy and clarity of the financial statements. All material amendments proposed by the External Auditor have been incorporated into the final audited accounts.

3.4 Members are asked to consider the External Auditor's findings alongside the audited Statement of Accounts and determine whether they are satisfied that the accounts present a fair and transparent record of the Council's financial position and performance during the year.

Background

3.5 Local authorities are required under the Accounts and Audit Regulations to prepare an annual Statement of Accounts that provides a true and fair view of their financial position, financial performance and cash flows.

3.6 The Statement of Accounts forms a key component of the Council's governance framework and supports transparency, accountability and effective stewardship of public funds.

3.7 The Council’s accounts include:

- Narrative Report;
- Statement of Responsibilities;
- Core Financial Statements;
- Supplementary Notes and Disclosures; and
- Collection Fund Statements.

3.8 The unaudited Statement of Accounts was approved for issue by the Chief Financial Officer and subsequently made available for public inspection in accordance with statutory requirements.

3.9 Following completion of the statutory inspection period, the accounts were submitted to the External Auditor for detailed examination.

Accounts Preparation and Quality Assurance

3.10 The Council maintains comprehensive arrangements to ensure that its financial statements are prepared to a high professional standard and comply with applicable accounting requirements.

3.11 Preparation of the Statement of Accounts is undertaken by suitably qualified and experienced finance professionals with extensive knowledge of local authority accounting, financial reporting standards and statutory accounting requirements.

3.12 Officers undertake continuing professional development and receive regular technical updates from CIPFA, professional accountancy bodies and external advisers to ensure compliance with emerging accounting developments and regulatory changes.

3.13 Robust quality assurance arrangements are embedded throughout the closedown process. These include:

- Detailed working paper standards;
- Independent management review;
- Reconciliation procedures;
- Senior officer challenge and oversight;
- Analytical review; and
- Continuous liaison with the External Auditor.

3.14 The Chief Finance Officer is satisfied that appropriate systems of internal control operated throughout the accounts preparation process and that the Statement of Accounts has been prepared on a sound and reliable basis.

External Audit

3.15 The Council's appointed External Auditor has undertaken its audit in accordance with applicable auditing standards and regulatory requirements.

3.16 The purpose of the audit is to obtain sufficient assurance regarding whether the financial statements are free from material misstatement arising from fraud or error.

3.17 Throughout the audit process, officers have responded positively and promptly to requests for information and have maintained a constructive working relationship with the audit team.

3.18 The External Auditor's detailed findings are presented separately within the Audit Findings Report, which can be found elsewhere on this agenda.

3.19 All audit recommendations have been reviewed and, where appropriate, incorporated into future financial reporting and governance arrangements as part of the Council's commitment to continuous improvement.

Audit Adjustments

3.20 During the course of the audit a number of amendments and presentational changes were identified.

3.21 These amendments have been discussed and agreed with management and have been reflected within the final audited Statement of Accounts.

3.22 The amendments identified by the External Auditor do not indicate any systemic weaknesses in the Council's financial management arrangements but are representative of the normal audit process associated with the preparation of complex financial statements.

3.23 Members are referred to the Audit Findings Report, included elsewhere on this agenda, for full details of all adjusted and unadjusted differences identified during the audit.

Audit Opinion

3.24 The External Auditor intends to issue an unqualified opinion on the Council's 2025/26 financial statements, with the inclusion of an Emphasis of Matter paragraph relating to the ongoing equal pay claims disclosed within Note 19 of the financial statements as a contingent liability. Based on the audit evidence obtained, the External Auditor is satisfied that the Council's accounting treatment and disclosure of the matter are appropriate in accordance with the relevant accounting standards.

3.25 An Emphasis of Matter paragraph is used to draw readers' attention to a matter that is appropriately disclosed in the financial statements and is fundamental to understanding the Council's accounts. It does not represent a modification or qualification of the audit opinion.

3.26 An unqualified opinion provides assurance that the financial statements give a true and fair view of the Council's financial position at 31 March 2026 and of its financial performance and cash flows for the year then ended.

Letter of Representation

3.29 Auditing standards require the External Auditor to obtain written representations from management and those charged with governance.

3.30 The Letter of Representation confirms that:

- Relevant information has been provided to the auditor;
- Transactions have been properly recorded;
- The Council has disclosed all known liabilities and commitments;
- Appropriate judgements and estimates have been applied; and

- The financial statements comply with applicable accounting standards and legislative requirements.

3.31 A copy of the Letter of Representation accompanies this report for approval.

Financial Resilience and Governance

3.32 The Council continues to demonstrate generally effective governance arrangements, with established processes supporting risk management, decision-making and financial oversight.

3.33 Budget monitoring arrangements, treasury management oversight, reserves strategy and financial planning processes operate throughout the year and are subject to scrutiny through the Council's governance framework.

3.34 The Statement of Accounts should be considered alongside the Annual Governance Statement and other assurance reports presented to the Committee during the year.

3.35 The Chief Financial Officer remains satisfied that the Council is a going concern and that the financial statements have been prepared on that basis.

4. Analysis and consideration of alternative options

4.1 Under the Accounts and Audit Regulations 2015 and the and the Accounts and Audit (Amendment) Regulations 2025, the Council's 2025/26 accounts are to be approved by the Chief Finance Officer no later than 30 June 2026 and following the audit process are to be approved by Members no later than 31 January 2027. 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 about 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.

5.2 The accounts were formally made available for public inspection on the council's website from 1 July 2026 to 11 August 2026. The council did not receive any enquiries as part of the public inspection process

6. Financial implications

6.1 The financial implications are contained within the Statement of Accounts and supporting disclosures presented to this Committee.

6.2 There are no additional financial implications arising directly from the recommendations contained within this report.

Name of finance officer consulted: Haley Woollard
Date consulted: 12/11/2026

7. Legal implications

7.1 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. That permits either full Council or one of its committees to consider the statement of accounts and to formally approve it. At Brighton & Hove City Council, the Audit, Standards & General Purposes Committee has been given delegated responsibility for this function.

Name of lawyer consulted: Elizabeth Culbert Date consulted: 16/11/2026

8. Risk implications

8.1 Effective financial reporting and external audit provide an important component of the Council's overall risk management framework.

8.2 Failure to comply with statutory accounting and audit requirements could expose the Council to reputational, governance and regulatory risks.

8.3 The arrangements described within this report help mitigate those risks and support transparency and accountability in the stewardship of public resources.

9. Equalities implications

9.1 There are no direct equality implications arising from the approval of the Statement of Accounts.

10. Sustainability implications

10.1 There are no direct sustainability implications arising from the approval of the Statement of Accounts

11. Conclusion

11.1 The 2025/26 Statement of Accounts has been prepared in accordance with statutory requirements and relevant accounting standards and has been subjected to comprehensive internal review and external audit scrutiny.

11.2 The Committee is invited to consider the findings of the External Auditor, approve the audited Statement of Accounts and approve the Letter of Representation.

11.3 Approval of the accounts will enable the Council to meet its statutory responsibilities and demonstrate continued transparency, accountability and sound stewardship of public funds.

Supporting Documentation

1. Appendices

1. Audited Statement of Accounts 2025/26

2. Letter of Representation

2. Background documents

1. Audited Brighton & Hove City Council 2025/26 Statement of Accounts and associated working papers.