

**Meeting:** Audit Committee

**Date:** 25<sup>th</sup> February 2025

**Wards affected:** All Wards in Torbay

**Report Title:** 2023/24 Statement of Accounts and Annual Governance Statement

**Cabinet Member Contact Details:** Councillor Alan Tyerman, Cabinet Member for Finance, [alan.tyerman@torbay.gov.uk](mailto:alan.tyerman@torbay.gov.uk)

**Director/Assistant Director Contact Details:** Malcolm Coe, Director of Finance [Malcolm.coe@torbay.gov.uk](mailto:Malcolm.coe@torbay.gov.uk), Paul Matravers, Head of Corporate Finance [paul.matravers@torbay.gov.uk](mailto:paul.matravers@torbay.gov.uk)

## 1. Purpose of Report

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1.1 The purpose of the report is to present the 2023/24 audited Statement of Accounts.

## 2. Reason for Proposal and its benefits

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2.1 The Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (amendment) Regulations 2022 states that draft 2023/24 Statement of Accounts are issued by 31 May 2024 and the Audit Committee are required to approve the audited accounts by 28 February 2025 in line with the backstop legislation that was recently passed. The draft statement of accounts were published in July 2024

2.2 The audit of accounts commenced in September 2024, with it being anticipated that the audit would be completed in line with the backstop date. There have been a number of factors that have delayed the conclusion of the audit, the factors are detailed in external auditors Audit Findings report (AFR).

## 3. Recommendation(s) / Proposed Decision

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The Audit Committee are asked to:

- i) Approve the 2023/24 Statement of Accounts and the Annual Governance Statement
- ii) Approve the signing of letter of representation

### Appendices

Appendix 1: 2023/24 Statement of Accounts

Appendix 2: Letter of Representation

## Supporting Information

### 4. Statement of Accounts

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- 4.1 The Accounts and Audit Regulations issued by the Secretary of State set out the requirements for the preparation and publication of final accounts. These regulations include the requirement for the formal approval, by a full Committee, of the Authority's Statement of Accounts.
- 4.2 The Statement of Accounts have been prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) which is based on International Reporting Standards (IFRS). This is necessary to ensure that accounts of all Government funded bodies provide comparable and consistent information. The Statement is required to present a true and fair view of the financial position as at 31 March 2024 and the income and expenditure for the financial year 2023/24.
- 4.3 The Authority's external auditors, Grant Thornton, commenced the audit of the Statement of Accounts in September 2024 after receipt of the draft statement of accounts on 2 August 2024. The audit encountered delays and challenges in the early stages, these are detailed in the audit findings report which is presented in the separate agenda item.
- 4.4 The Director of Finance and Head of Corporate Finance addressed these issues by securing additional external resource and redirecting internal resources to provide more capacity and to reduce the delays and challenges that had been seen in the early stage of the process.
- 4.5 With the additional resource in place, and after discussions with the auditors, a decision was made to temporarily pause the audit in October due to a piece of work being required to produce a new set of draft 2023/24 statements and to re-state the 2022/23 comparative information. The audit recommenced in November with an agreement made that the updated statements would be provided on a phased basis in order that progress could continue and to enable the February backstop deadline to be achieved.
- 4.6 The Audit Findings Report in respect of the 2023/24 Statement of Accounts provides details of the outcome of the audit and the 'disclaimer opinion' that has been issued by Grant Thornton. The AFR also provides detailed information on the reasons for the issuing of a disclaimed opinion and details the timeline for rebuilding assurance.
- 4.7 The action plan included in the AFR identifies seven recommendations, management have provided a response to each recommendation. Management are developing a detailed action plan that will be presented at the March audit committee meeting which will address all recommendations.

## 5. Prior Period Adjustments

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- 5.1 As mentioned in 4.5, a temporary pause in the audit work was required in October due to the need to review the draft statements published. This piece of work identified a significant number of prior period adjustments to be made to the 2022/23 figures.
- 5.2 The adjustments required and the associated value were significant, note 39 on page 105 of the Statement of Accounts (Appendix 1) details the value, classifies the two types of adjustments that were required and the area affected within the statements.

## 5. Letter of Representation

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- 5.1 The International Standard on Auditing 580 requires auditors to obtain written representations from management and, where appropriate those charged with governance in an audit of the financial statements. This statement as a formal Management Representation letter to Grant Thornton, will be written when the audit is complete.
- 5.2 The Committee are requested to delegate approval for this representation. Once approved the letter will be passed to our auditors.