

<b>LONDON BOROUGH OF CAMDEN</b>	<b>WARDS:</b> All
<b>REPORT TITLE:</b> Statement of Accounts 2022-23	
<b>REPORT OF:</b> Executive Director Corporate Services	
<b>FOR SUBMISSION TO:</b> Audit and Corporate Governance Committee	<b>DATE:</b> 5 December 2024
<p><b>SUMMARY OF REPORT:</b> This report presents to the Audit and Corporate Governance Committee the final 2022/23 Statement of Accounts for approval.</p> <p><b>LOCAL GOVERNMENT ACT 1972 – ACCESS TO INFORMATION</b> No documents that require listing have been used in the preparation of this report.</p> <p><b>CONTACT OFFICERS:</b> Raj Shah Chief Accountant 5 Pancras Square London N1C 4AG Telephone: 020 7974 5997 <a href="mailto:raj.shah@camden.gov.uk">raj.shah@camden.gov.uk</a></p>	
<p><b>RECOMMENDATIONS</b></p> <p>The Committee is asked to:</p> <ol style="list-style-type: none"> <li>1) Note the External Auditor’s disclaimed opinion for the 2022/23 statement of accounts at <b>Appendix A</b>.</li> <li>2) Approve the 2022/23 Statement of Accounts at <b>Appendix B</b></li> <li>3) Authorise the Executive Director Corporate Services, in consultation with the Chair of the Audit and Corporate Governance Committee, to approve any remaining amendments to the Statement of Accounts as the auditors complete any final outstanding matters.</li> <li>4) Authorise the Chair of Audit and Corporate Governance Committee to sign the 2022/23 Statement of Accounts.</li> </ol>	
<b>SIGNED:</b> <b>Approved by Director of Finance</b>	
<b>DATE:</b> <b>25 November 2024</b>	

## 1. Purpose of Report

- 1.1. This report presents to the Committee the Audit Strategy and Completion Report for 2022/23 from Forvis Mazars (which includes a disclaimed opinion for both the Council and Pension Fund) and the amended Statement of Accounts for the Committee's approval.

## 2. Background

- 2.1. Camden, like many local authorities, has experienced significant delays with the audit of accounts over the past 4 years. In response to the national issue of outstanding audits, the government has acted – setting out as a three-stage process to address the backlog, with those stages being 1) Reset, 2) Recovery and 3) Reform. The immediate focus has been on incorporating backstop dates in regulation, by which point councils must report accounts, with disclaimed or modified audit opinions where audits are incomplete.
- 2.2. The government has laid before Parliament the amendments to the Accounts and Audit Regulations 2015 that implement the revised proposals for backstop dates in relation to outstanding audits via the Accounts and Audit (Amendment) Regulations 2024, which came into force on 30<sup>th</sup> September 2024 ('the Amending Regulations'). As presented and discussed at this Committee previously, the backstop dates for each financial year are as below.

Financial Year	Backstop Deadline
2022/23 and earlier	13 December 2024
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

- 2.3. By these dates the authority must have approved and published its statement of accounts for the relevant years. Under the Amending Regulations they are referred to as 'accountability statements' and include the statement of accounts, together with the opinion and any certificate, the annual governance statement and narrative statement.
- 2.4. In implementing the backstop deadlines, MHCLG, the National Audit Office (NAO) and the Financial Reporting Council (FRC) have been clear that where authorities receive a disclaimed audit opinion that this should not reflect poorly on the authority.

## 3. Outcome of the External Audit

- 3.1. Given the delays to previous years there has not been sufficient time to conduct an audit of the 2022/23 accounts prior to the backstop, and as such the

external auditor has issued a disclaimed opinion. In such instances the Financial Reporting Council (FRC) have stated it should be made clear that local authorities should not be adversely judged that such an opinion has been issued. In plain terms, a disclaimer means that they have been unable to form an opinion. In this instance, the reason for this will be the limitation of scope imposed by statute (not by the local authority). The External Auditor's Report is presented in **Appendix A**, detailing the audit approach, as well as basis of the opinion, and work on value for money.

- 3.2. Forvis Mazars have noted in their external audit report for 2022-23 that the Council has demonstrated significant progress in its financial closure and accounts preparation process. The draft accounts for 2021-22, submitted on April 8, 2024, were of good quality, with supporting working papers shared promptly. During the audit of 2021-22, no significant deficiencies in internal control were identified.
- 3.3. While the accounts for 2022-23 will receive a disclaimed opinion, the Council has shown substantial improvements in the closure process, which have contributed positively to the preparation of the 2022-23 accounts. The Council remains committed to collaborating with Forvis Mazars to achieve an unqualified opinion in future audits.
- 3.4. Furthermore, in line with the governance process officers have prepared the management representation letter. This is a letter issued by Camden to Camden's external auditors – Forvis Mazars – which declares in writing that the financial statements and other presentations to the auditor are sufficient and appropriate, and without omission of material facts to the statements to the best of management's knowledge. A draft of this letter is presented in **Appendix A** as part of the External Auditor's report.
- 3.5. The 2022/23 Statement of Accounts presented in **Appendix B** has been updated from the Draft Statement published in September to incorporate all amendments identified from the 2021/22 audit. These mostly impact on the prior year comparators, but with some subsequent changes to 2022/23 activity. All changes have been shared with Mazars.
- 3.6. In addition to the full Statement of Accounts prepared in line with reporting requirements, officers have prepared a Summary of Accounts, presented in **Appendix C**, to present to readers a simplified and focussed analysis on the main statements and movements, with high level explanation to give some context to the data and make the statement more digestible.

#### **4. Statement of Accounts process and next steps**

- 4.1. The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each year which meet set requirements, and include the Council's main accounting statements, the Housing Revenue Account (HRA), Collection Fund; and any other statements which the Council is required

by statutory provision to keep a separate account for (such as the Pension Fund).

- 4.2. The Accounts and Audit Regulations 2015 require the council to follow a set accounts approval process, as detailed below.
- i) The responsible financial officer (Section 151 officer) certifies that the draft statement of accounts presents a true and fair view of the financial position of the Council and of its income and expenditure. The Executive Director Corporate Services, as the Council's Section 151 officer, certified the draft 2022/23 accounts when they were published on 16 October 2024.
  - ii) Following the review of the external auditor, and any amendments that are required to the statement of accounts as a result, the responsible financial officer recertifies the presentation of the annual accounts before member approval is given.
  - iii) The annual accounts are considered and approved by resolution of members and the statement of accounts is required to then be signed and dated by the person presiding at the committee or meeting at which that approval is given.
  - iv) The signed statement of accounts are presented back to the auditor together with the Annual Governance Statement and a signed letter of representation from the Section 151 officer to complete the audit closure and issue the audit certificate.
  - v) The accounts are published (which must include publication on the body's website) together with any certificate, opinion, or report issued, given or made by the audit.

## **5. Finance Comments of the Executive Director Corporate Services**

- 5.1. This is a report of the Executive Director Corporate Services and his views are incorporated into this report.

## **6. Legal Comments of the Borough Solicitor**

- 6.1. The government has laid before Parliament the amendments to the Accounts and Audit Regulations 2015 that implement the revised proposals for backstop dates in relation to outstanding audits via the Accounts and Audit (Amendment) Regulations 2024, which came into force on 30<sup>th</sup> September 2024 ('the Amending Regulations').
- 6.2. The Amending Regulations detail the conditions under which an authority will be exempt from the backstop requirements - on the day before the backstop date:
- (i) the auditor is considering an objection to the accounts
  - (ii) an elector who has made an objection still has rights of appeal against the auditor's decision not to act

- (iii) the auditor is considering whether to apply to the courts for a declaration that an item of account is unlawful (or an application has been made for which due process is incomplete)
  - (iv) For the financial years from 2023 to 2027, the auditor is not yet satisfied that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 6.3. If an authority does have an exemption, it will need to issue a notice stating that it has not been possible to publish the statement of accounts and the reasons why not. Publication must then follow as soon as reasonably practicable.
- 6.4. If an authority does not have an exemption but fails to publish by the backstop date, it must as soon as reasonably practicable issue a notice stating that it has not been able to publish the statement of accounts, the reasons for this and that it acknowledges that it must publish the statement as soon as reasonably practicable. The notice must be sent to the Secretary of State (to facilitate scrutiny). The authority must then publish its statement of accounts as soon as reasonably practicable. The current 'delay notice' no longer applies for financial years up to and including 2027-28.
- 6.5. When the statement of accounts, narrative report and annual governance statement are published in accordance with the backstop arrangements, the Regulations require that they must remain available for public access for at least five years after the publication date.
- 6.6. Authorities will be required to consider and publish annual audit letters or reports whenever they are received, rather than waiting until the completion of the audit, as currently applies. The Regulations specify that where an authority publishes any statement or notice in accordance with its provisions, this must include publication on the authorities website.

## **7. Environmental Implications**

- 7.1. There are no environmental implications.

## **8. Appendices**

Appendix A: Audit Strategy and Completion Report 2022/23

Appendix B: Statement of Accounts 2022/23

Appendix C: Camden Summary Accounts for the 2022/23 Financial Year

**REPORT ENDS**