

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE: Auditor's Annual Report for 2023/24 and Audit Strategy update	
REPORT OF: Executive Director Corporate Services	
FOR SUBMISSION TO: Audit and Corporate Governance Committee	DATE: 3 April 2025
<p>SUMMARY OF REPORT: This report presents to the Audit and Corporate Governance Committee the Auditor's Annual Report following the completion of the audit for the 2023/24 financial year, and also presents an update on national data on audit completions, and the plans for the audit of the 2024/25 accounts.</p> <p>LOCAL GOVERNMENT ACT 1972 – ACCESS TO INFORMATION No documents that require listing have been used in the preparation of this report.</p> <p>CONTACT OFFICER: Peter Taylor Financial Reporting Manager 5 Pancras Square London N1C 4AG Telephone: 020 7974 6378 peter.taylor@camden.gov.uk</p>	
<p>RECOMMENDATIONS</p> <p>The Audit & Corporate Governance Committee is asked to</p> <ul style="list-style-type: none"> (a) Note the Annual Audit Report for the 2023/24 financial year, presented at Appendix A; (b) Note the update on the audit strategy for the Council for 2024/25; and (c) Approve the audit strategy for the Pension Fund for 2024/25 presented at Appendix B. 	
<p>SIGNED: Signed by the Director of Finance</p> <p>DATE: 24 March 2025</p>	

1. Purpose of Report

- 1.1. Within its terms of reference the Audit and Corporate Governance Committee has responsibility for overseeing internal and external audit, and specifically to consider the external auditor's annual report, annual audit plans, and other relevant reports reporting to those charged with governance.
- 1.2. This report presents to the Committee the Auditor's Annual Report (AAR), summarising the work undertaken by the council's external auditor Forvis Mazars for the year ended 31 March 2024, following the completion of that year's audit.
- 1.3. The report also presents to the Committee an update on the plans for carrying out the audit of the 2024/25 accounts.

2. Background

- 2.1. The Audit Completion Reports for the 2023/24 financial year have already been presented, and the audits concluded. The AAR is an additional requirement for auditors, brought in under the 2020 Audit Code. Auditors are required to prepare an annual report and issue it to each audited body. The Auditor's Annual Report brings together all of the auditor's work over the year, to be presented at an appropriate forum at the body (in Camden's instance, the Audit & Corporate Governance Committee) and be made available on the authority's website.
- 2.2. A core element of the Auditor's Annual Report involves commentary on the organisation's arrangements to secure value for money (VFM) through the economic, efficient and effective use of its resources, and highlight any issues that the auditor wishes to draw to the attention of the body or the wider public.
- 2.3. The AAR was issued to Camden immediately following the conclusion of the audits at the end of February 2025, and has been made available on the Council's website.

3. Auditor's Annual Report 2023/24

- 3.1. The Auditor's Annual Report presented in **Appendix A** covers the financial year ended 31 March 2024.
- 3.2. The report presents the opinions provided on the accounts of the Council and Pension Fund, with a disclaimed opinion on the Council accounts due to limitations brought about by the backstop publication arrangements, and a qualified opinion on the Pension Fund accounts, again due to limited audit work carried out on 2022/23 comparator data, following disclaimer of opinion provided in that year. This has already been presented and discussed by the Committee on 20 February 2025 as part of the Audit Completion Reports for 2023/24.

- 3.3. The AAR goes into greater depth on their assessment of Camden's VFM arrangements. The National Audit Office (NAO) issues guidance to auditors that sets out the reporting criteria on which they need to consider, being:
- Financial Sustainability
 - Governance; and
 - Improving economy, efficiency and effectiveness
- 3.4. In each of these considerations Forvis Mazars are satisfied that the Council has the expected arrangements in place and have identified no significant weakness. They confirm that they have not exercised their statutory reporting powers to issue any report by exception. There had been one objection to the accounts received during the period of inspection which at the time of publication was under consideration. The auditor has provided a provisional view on the objection to the elector and will give a verbal update to the Committee.
- 3.5. The report also presents the audit fees for the year. Although the fees for the Council's audit are yet to be agreed a reduced fee is expected where audit work has not been able to take place due to shortened timeframes.

4. Update on audit completions

- 4.1. On 4 March 2025 the Minister of State for Local Government Jim McMahon issued a [statement](#) on the progress of local authority accounts publication, and in the interest of transparency included a list of authorities that had not published their accounts by the backstop date, and those that were still to publish all accounts due at the 19th February. Camden met the 13 December 2024 deadline for publication and are not on the list.
- 4.2. The statement identified that at the first backstop date of 13 December 2024 there were 68 bodies that had not published all accounts up to 2022/23, and by 19th February there were 21 bodies still to publish all audited accounts up to and including 2022/23. Of the published accounts around 200 bodies (approximately 45%) have received at least one disclaimed opinion.
- 4.3. Subsequently on 11th March, the PSAA (Public Sector Audit Appointments) issued a [press release](#) on the audit opinions for 2023/24. Of the 459 opinions expected, 216 (47%) were disclaimed as a result of the 28 February 2025 backstop, including Camden's council accounts. A further 48 bodies (10%) were still to report. Fewer than 40% of accounts received an unmodified opinion.

5. Audit Strategy 2024/25

- 5.1. The strategy for the audit of the 2024/25 accounts is to be presented to the Committee for approval in line with the Committee's terms of reference.
- 5.2. Audit firms are still awaiting clarity from the National Audit Office and Financial Reporting Council on the requirements and expectation for testing prior year data, and the process for rebuilding assurance on Council accounts following

the receipt of a disclaimed audit opinion. As such it has been acknowledged that any planned audit strategy prepared for the Council at this point would potentially be subject to significant change. It is expected that further guidance is forthcoming which will provide clarity for auditors, and a strategy for the 2024/25 audit of the Council will be brought to the next meeting of this Committee.

- 5.3. Audit planning and interim audit work surrounding the Council and Pension Fund's key business processes will still take place in late March and April, ahead of the publication of draft accounts and agreement of the plan for final audit.
- 5.4. The audit of the Pension Fund is not impacted by the same uncertainty. Following the qualified opinion given on the 2023/24 accounts due to insufficient assurance on prior year comparator information, the Pension Fund will receive a standard full audit for 2024/25. The 2024/25 audit strategy for the Pension Fund is presented in **Appendix B**, for approval by the Committee.
- 5.5. The deadline for publication of draft accounts for 2024/25 is 30 June 2025, and the accounts will be made available to the auditor to commence the audit from 1 July. The backstop deadline for audited 2024/25 accounts to be published is 27 February 2026.
- 5.6. The duration of the 2024/25 audit and the timing of the finalisation of accounts will be dependent on the amount of work that will be done to rebuild assurance and support councils to return to unqualified opinions, whilst managing the availability of audit resource. Camden have invested significantly to be able to effectively plan for and react to any reporting and auditing requirements emerging as the steps to rebuilding assurance becomes clearer.

6. Finance Comments of the Executive Director Corporate Services

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

7. Legal Comments of the Borough Solicitor

- 7.1. On 14 November 2024 the 2024 Code of Audit Practice came into force and applied immediately. The Code sets out what the Council's auditors are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014.
- 7.2. Throughout the Auditor's Annual Report (Appendix A) it clearly outlines the legislative framework and Code practice requirements that the Council must adhere to when completing accounts.
- 7.3. The Committee will note the commentary on the Value for Money arrangements and also the risk and audit findings at the conclusion of the Report.

8. Environmental Implications

8.1. There are no environmental implications.

9. Appendices

Appendix A: Auditor's Annual Report – year ended 31 March 2024

Appendix B: 2024/25 Audit Strategy for the Camden Pension Fund

REPORT ENDS