

<b>Council/Committee:</b>	Audit and Risk Assurance Committee
<b>Report Title</b>	Final Statement of Accounts 2024/25
<b>Date of Meeting</b>	Monday, 16 February 2026
<b>Report Author</b>	Claire Spencer, Service Director – Finance Claire_spencer@sandwell.gov.uk
<b>Lead Officer</b>	Alex Thompson, Executive Director of Finance and Transformation Alex_Thompson@sandwell.gov.uk
<b>Wards Affected</b>	All wards
<b>Identify exempt information and exemption category</b>	N/A
<b>Appendices (if any)</b>	<ol style="list-style-type: none"> <li>1. Sandwell Metropolitan Borough Council 2024/25 Statement of Accounts</li> <li>2. Grant Thornton's Audit Findings Report for Sandwell Metropolitan Borough Council – Year Ended 31 March 2025</li> <li>3. Letter of Representation</li> </ol>

## **1. Executive Summary**

- 1.1 Following substantial completion of the external audit of the draft Statement of Accounts for 2024/25, the Council has produced a revised Statement of Accounts. Approval is now sought to publish the revised accounts.
- 1.2 Appended to the report is Grant Thornton's Audit Findings Report, which provides the Committee with the external auditor's independent assessment of the accuracy of the accounts.

## **2. Recommendations**

The Committee is recommended to: -

- 2.1 Receive and comment upon the external auditor's Audit Findings Report for the year ended 31 March 2025.

- 2.2 Approve the Council's 2024/25 Statement of Accounts, as set out in Appendix 1.
- 2.3 In accordance with 2.2 above, authorise the Chair of the Audit and Risk Assurance Committee to sign the Statement of Accounts (in accordance with the requirements of the Accounts and Audit Regulations 2015).
- 2.4 Authorise the Executive Director of Finance and Transformation to make any minor adjustments to the Statement of Accounts prior to the publication of the audited Statement of Accounts.
- 2.5 Provide approval for the Executive Director of Finance and Transformation and the Chair of the Audit and Risk Assurance Committee to sign the letter of representation in relation to the financial statements, on behalf of the Council, and send the letter to the Council's external auditor, Grant Thornton.

### **3. Proposals – Reasons for the recommendations**

- 3.1 The Council is required to prepare annual financial accounts covering the period from 1 April to 31 March, in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ("the Code") issued by the Chartered Institute of Public Finance and Accountancy.
- 3.2 This report provides for approval of the Council's 2024/25 Statement of Accounts, following completion of the audit of the accounts. The Accounts and Audit Regulations 2015 state that elected members of the Council are required to approve the annual accounts following completion of the corresponding audit.

### **4. Alternative Options Considered**

- 4.1 The Council is required under statute to produce and publish its audited Statement of Accounts for each financial year. For the 2024/25 financial year, the statutory backstop deadline for publication of audited accounts is 27 February 2026. As such, there is no alternative option.

### **5. Context and Key Issues**

- 5.1 The 2024/25 financial year ended on 31 March 2025, and between April and August 2025 the Council's Finance team worked to produce the draft Statement of Accounts for the year. Grant Thornton formally commenced the audit of the 2024/25 accounts on 4 August 2025, following planning activities being undertaken in July 2025.
- 5.2 In 2024, the Government consulted on amending the Accounts and Audit Regulations 2015 as part of measures to tackle the backlog of unaudited local audit body accounts in England. The proposals consulted upon set 'backstop' dates for financial years 2022/23 to 2027/28, to enable the local audit system

to recover. As a result, the government announced that for 2024/25 accounts, the statutory deadline for publishing audited accounts would be 27 February 2026.

- 5.3 The external audit of the draft accounts has taken place over the last six months, and as at 4 February 2026, the Council has responded to 899 separate lines of enquiry initiated by the external auditor, with many of these involving multiple responses, email conversations and meetings, as well as submission of working papers via Grant Thornton's 'Inflo' portal.
- 5.4 The external audit of the Council's accounts for 2024/25 is now complete, which has been achieved prior to the government's statutory 'backstop' deadline. However, audit of the 'group accounts', which consolidate the Council's accounts with those of the Council's wholly owned subsidiary, Sandwell Children's Trust, has not yet taken place. Grant Thornton will carry out an audit of the group accounts for 2024/25 at the same time as undertaking the audit of the Council's 2025/26 accounts. This will ensure that there is no impact on the timetable for the external auditor to be able to 'rebuild assurance' in relation to the Council's income, expenditure, assets, liabilities and reserves over the medium-term.
- 5.5 Grant Thornton has prepared its Audit Findings Report following substantial completion of the audit of the 2024/25 Statement of Accounts. The Audit Findings Report, which is attached at appendix 2 and which will be presented to the Audit and Risk Assurance Committee by representatives of Grant Thornton, reflects the external auditor's observations on matters arising during the course of the audit.
- 5.6 A disclaimed audit opinion will be issued by Grant Thornton on the Council's 2024/25 Statement of Accounts. The Audit Findings Report explains the reason for this, as follows:

*"In the audit report for the year ended 31 March 2024, a disclaimer of opinion was issued due to the backstop legislation.*

*As a result, for 2024/25:*

- we have limited assurance over the opening balances for 2024/25; and*
- limited assurance over the closing reserves balance also due to the uncertainty over their opening amount.*

*Our aim for the 2024/25 audit has been to continue with rebuilding assurance, therefore our focus has been on in-year transactions including income and expenditure, journals, capital accounting, payroll and remuneration and disclosures; and closing balances."*

- 5.7 The Council will continue to work with Grant Thornton on a plan to rebuild full assurance over the medium-term.
- 5.8 Following completion of the audit, adjustments to the accounts have been made relating to 16 items of income or expenditure. Most of these items relate

to property, plant and equipment, with adjustments arising from an updated or revised asset valuation, or from a change to depreciation policy. The nature of these adjustments are 'non-cash', and therefore have no impact on useable reserves.

- 5.9 The impact on useable reserves of all of the adjustments made to the accounts is shown in the table below.

<b>Useable Reserve</b>	<b>Balance at 31/03/25 as per Draft Statement of Accounts £</b>	<b>Movement following Audit of Accounts £</b>	<b>Balance at 31/03/25 as per Final Statement of Accounts £</b>
General Fund Balance	22,569,010	(101,496)	22,467,514
Earmarked General Fund Reserves	196,459,422	-	196,459,422
Housing Revenue Account	51,182,631	(32,442)	51,150,189
Housing Revenue Account – Major Repairs Reserve	-	32,442	32,442
Capital Receipts Reserve	38,359,372	-	38,359,372
Capital Grants Unapplied	74,541,520	-	74,541,520
<b>Total</b>	<b>383,111,955</b>	<b>(101,496)</b>	<b>383,010,459</b>

- 5.10 A copy of the 2024/25 revised Statement of Accounts is attached at appendix 1.
- 5.11 The Council is required to produce a letter of representation to the external auditor which provides assurance that the information submitted within the accounts is accurate and that all material information has been disclosed to the auditor. The auditor will not sign off the Statement of Accounts until this letter has been received. It is proposed that the letter of representation is signed by the Executive Director of Finance and Transformation and the Chairman of the Audit and Risk Assurance Committee on behalf of the Council.

## **6 Consultation**

- 6.1 The draft Statement of Accounts for 2024/25 was available for public inspection following its publication. Under Regulation 15(2)(b) of the Accounts and Audit Regulations 2015, from Monday 1 September 2025 to Friday 10 October 2025, any person may have inspected and made copies of the accounts and all books, deeds, contracts, bills, vouchers and receipts for the year ended 31 March 2025, as stipulated in Sections 25 and 26 of the Local Audit and Accountability Act 2014, except as provided for in Section 26(4) to 26(10) of the Local Audit and Accountability Act 2014 in relation to commercially confidential or personal information.

## **7 Financial Implications**

- 7.1 The Statement of Accounts is a formal record of the financial activities of the council during the year, and of the financial position of the Council at year-end.
- 7.2 Within the revised Statement of Accounts for 2024/25, the Comprehensive Income and Expenditure Statement (CIES) shows the accounting cost of providing services, irrespective of the source of funding, and includes non-cash movements such as depreciation, Pension Fund adjustments and revaluation of assets. The CIES reports net income of £89.7m in 2024/25.
- 7.3 The Movement in Reserves Statement shows net income of £89.7m, as reported in the CIES, and highlights the associated change in the reserves of the Council. General Fund balances increased by £23.2m, Housing Revenue Account balances decreased by (£0.5m), and other usable reserves assigned to the approved Capital Programme decreased by (£12.0m). Unusable reserves increased by £79.0m reflecting the non-cash movements included in the CIES.

## **8 Legal and Governance Implications**

- 8.1 The Statement of Accounts is a statutory document. The Local Government Act 2003 (section 21) enables the Secretary of State to issue regulation on the preparation and publication of accounts for local authorities, which is fulfilled by the Accounts and Audit Regulations 2015 (as amended).

## **9 Risks**

- 9.1 The review by an independent external auditor of the Council's Statement of Accounts is a vital part of the overall governance of the Council, providing a review of both the accuracy of the reported financial position and the adequacy of the Council's governance and oversight of it.
- 9.2 The external auditor's Audit Findings Report includes a section entitled "Overview of significant and other risks identified", which sets out a series of risks relating to the accuracy, production and completeness of the Statement of Accounts. Details of the audit procedures performed pertaining to each risk, in order to test the relevant controls in place within the Council, are also included within the report.
- 9.3 Details of potential risks affecting the balances and financial health of the Council are detailed within the Statement of Accounts, which has now been subject to audit.

## **10 Equality and Diversity Implications (including the public sector equality duty)**

- 10.1 It has not been necessary to undertake an Equality Impact Assessment.

## **11 Other Relevant Implications**

- 11.1 There are no other relevant implications arising directly from this report.

## **12 Background Documents**

- 12.1 Grant Thornton Report: 'The Audit Plan for Sandwell Metropolitan Borough Council – Year Ending 31 March 2025', presented to the Audit and Risk Assurance Committee at its meeting of 26 June 2025
- 12.2 'Draft Statement of Accounts 2024/25', presented to the Audit and Risk Assurance Committee at its meeting of 18 September 2025
- 12.3 Grant Thornton Report: 'Audit Progress Report and Sector Updates', presented to the Audit and Risk Assurance Committee at its meeting of 20 November 2025

## **13 How does this deliver the objectives of the Strategic Themes?**

- 13.1 The Statement of Accounts considers the overall financial position of the local authority, including the level of assets and balances held. The financial position of the authority underpins all of the authority's activities, and therefore underpins the Corporate Plan.
- 13.2 The work of the Council's external auditors is an important element of the accountability and transparency of the Council's financial arrangements, and those arrangements help to support all of the Council's objectives.