



5 March 2025

Agenda Item:5

**REPORT OF THE SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE
AND IMPROVEMENT**

AUDITOR’S ANNUAL REPORT 2023/24 AND PROGRESS UPDATE

Purpose of the Report

1. To inform Members of the External Auditor’s Annual Report 2023/24 and provide a progress update on the status of both Nottinghamshire County Council and Nottinghamshire Pension Fund’s external audit position.

Local Authority Audit Sector Summary

2. The difficulties facing the local authority audit sector are well-documented and the backlog in the publication of audited accounts of local bodies in England has grown to an unacceptable level. This is evidenced by the fact that only 41% of 2023/24 Local Authority draft accounts had been published by the statutory deadline of 31 May 2024. Further, only 21% of 2022/23 Local Authority accounts had been signed off by April 2024 and it was widely expected that the backlog would increase further after Autumn 2024.
3. At the Governance and Ethics Committee meeting held on 27 November 2024 approval was delegated to the Section 151 Officer, in consultation with the Chair of Governance and Ethics Committee, to approve the Statement of Accounts 2023/24 on completion of all external audit work.
4. Despite experiencing delays to the final signing due to issues in the audit system, the accounts, for both Nottinghamshire County Council and Nottinghamshire Pension Fund were signed off by the external auditors on 22 January 2025 and published on the Council’s website shortly after. Our external auditors, in a recent meeting, indicated that the 2024/25 statement of accounts should be signed off before the end of this calendar year.

Audit Results

5. The statutory audit of the Statement of Accounts 2023/24 for both the County Council and the Pension Fund has been undertaken by Forvis Mazars LLP. The audits were completed satisfactorily with unqualified opinions on the financial statements.
6. The Auditor’s Annual Report 2023/24 and a Progress Report can be seen as appendices to this report and summarise all of the work completed as part of the 2023/24 annual audit, provide a review of value for money arrangements and gives an update on progress with planning for the 2024/25 external audit.

7. In addition, the Auditor's Annual Report 2023/24 made a number of recommendations as follows:-
- a. 'The Council should publish their Annual Governance Statement (AGS) within, or alongside their financial statements.' This has already been actioned and the AGS 2023/24 can now be found on the Council's public website alongside the audited financial statements.
 - b. 'The Council should consider whether an audit committee should be established, or whether the terms of reference and timetable of meetings can be clarified to confirm under what guise the committee is meeting at different points in the year.' The Council have considered this recommendation and feel that the current terms of reference sufficiently capture the remit of Governance, Ethics and Audit without the need for establishing an additional, separate, Audit Committee. Indeed, having the wider remit collectively gives Members a greater insight of governance, risk and audit issues enabling a greater understanding and interaction to drive subsequent activities within the work plan.
 - c. 'The Council should ensure they are regularly reporting Risk Management updates to the Governance and Ethics Committee.' This recommendation has been implemented in 2024/25.
 - d. The Council should produce quarterly assurance reports as per the quality management framework, or revise the frequency outlined in the framework to bi-annually. This recommendation has been noted and will be addressed.
 - e. 'The Council should include an appendix to the Annual Report detailing the outcome of actions and relevant KPIs. This recommendation has been noted and will be addressed.
8. The report is presented to Members for their information. Mark Surrige (Partner – Forvis Mazars LLP) will be in attendance at the meeting to introduce the report, update Members on further external audit progress made and respond to Members' queries.
9. The statement of accounts is one of the key documents prepared by the Council to demonstrate good governance and value for money. This provides information about the County Council's financial position, performance and cash flows and consequently, shows the results of the stewardship and accountability of elected members and management for the resources entrusted to them, which is of paramount importance in the use of public funds.
10. The results of this year's audit are a continued positive reflection of the Council's performance, particularly in the context of the continuing changes and complexities arising from International Financial Reporting Standards and the challenge of finalising the accounts to tight deadlines.

Other Options Considered

11. The external auditors are required to report their Auditor's Annual Report to the Council.

Reason for Recommendation/s

12. To provide information to Members on the External Auditors' Annual Report and provide an update on audit progress made for both Nottinghamshire County Council and the Nottinghamshire Pension Fund.

Statutory and Policy Implications

13. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

14. That the Committee notes and comments upon the External Auditors' Annual Report 2023/24.

Nigel Stevenson

Service Director – Finance, Infrastructure and Improvement

For any enquiries about this report please contact:

Nigel Stevenson

Service Director (Finance, Infrastructure and Improvement)

Constitutional Comments (CM 20/02/2025)

15. The report falls within the terms of reference of the Governance and Ethics Committee.

Background Papers

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

None

Electoral Division(s) and Member(s) Affected

All