



**Havering**  
LONDON BOROUGH

## AUDIT COMMITTEE

**30<sup>th</sup> January 2025**

**Subject Heading:**

Statements of Accounts 2023/24 and External Audit Reports to those charged with Governance

**ELT Lead:**

Kathy Freeman, Strategic Director of Resources

**Report Author and contact details:**

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**Policy context:**

Audit Committee is responsible for approving the accounts

**Financial summary:**

There are no financial implications arising directly from this report

### **The subject matter of this report deals with the following Council Objectives**

- |   |     |
|---|-----|
| People - Supporting our residents to stay safe and well       | [ ] |
| Place - A great place to live, work and enjoy                 | [ ] |
| Resources - Enabling a resident-focused and resilient Council | [X] |

### **SUMMARY**

This report presents the draft Audit Results Reports from Ernst and Young LLP on the 2023/24 Statement of Accounts, together with the 2023/24 Financial Statements for approval.

## RECOMMENDATIONS

The Committee is asked to:

1. Consider the following External Auditor's reports in relation to the financial year 2023/24:
  - Draft Council Audit Results Report (Appendix A)
  - Draft Pension Fund Audit Results Report 2023/24 (Appendix B)
2. **Approve** the Statement of Accounts for the financial year ended 31st March 2024 and to delegate authority to the Section 151 Officer and the Chair of the Audit Committee to sign the Accounts on behalf of the Council following any further audit adjustments that might be required before release of the audit opinion (Appendix C).
3. **Approve** the draft Letters of Representations for Havering Council and Havering Pension Fund and delegate authority to the Section 151 Officer and Chair of the Audit Committee to update and sign on behalf of the Council once the audit opinions are provided (Appendix D and Appendix E).
4. **Approve** the 2023/24 Annual Governance Statement, signed by the Leader and the Chief Executive, confirming the governance arrangements that were in place during the year (Appendix F).

## REPORT DETAIL

### 1. Introduction

- 1.1. The Council is required to prepare annual financial accounts covering the period from 1 April to 31 March. These accounts are required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
- 1.2. The Accounts and Audit Regulations 2015 require that the authority prepares and publishes its unaudited accounts by 31 May.
- 1.3. Regulation 9(2) requires members to approve the Statement of Accounts that is to be published, either by meeting as a whole or through a committee.
- 1.4. After members have approved the Statement of Accounts, regulation 10 sets out the requirements for publication of an authority's accountability statements. These comprise of the Statement of Accounts together with the opinion and any certificate, the Annual Governance Statement approved by members and the Narrative Statement.

## **Audit Committee, 30 January 2025**

1.5. Over recent years Havering, like many local authorities, has experienced significant delays with the audit of its accounts. As reported to the committee on 3 December 2024, the local audit backstop arrangements have been established to set dates by which an authority must publish a final version of its statement of accounts for a particular year, irrespective of the progress that has been made by the auditor. The backstop date for the 2023/24 financial year is 28 February 2025.

## **2. Statement of Accounts 2023/24**

2.1. The Council published its draft 2023/24 Accounts on 31 May 2024, thereby adhering to the statutory deadline. Following publication and in accordance with the regulations, the accounts and supporting documentation were made available for public inspection from 3 June to 12 July 2024 and the relevant statutory public notice was published on the Council's website. There were no objections raised during the inspection period.

2.2. The audit of the Council's accounts commenced in September, in line with the audit plan presented to the committee on 25 July 2024. The draft Audit Results Report (ARR), attached at Appendix A, details the findings of the audit and sets out any adjustments made to the accounts since they were published in draft in May 2024. Despite every effort being made by both the Council and the Auditor, it has not been possible for the Auditor to complete the audit of the Council's accounts before the backstop date of 28 February 2025.

2.3. As the 2021/22 and 2022/23 accounts received disclaimed opinions, it will take several years to build back the assurances required for the Council's accounts to receive an unmodified opinion and consequently the 2023/24 accounts will again receive a disclaimed opinion. It should be noted that the Executive Summary in the ARR shows the position at a point in time and some of the areas outstanding are expected to be completed ahead of the backstop date and audit opinion. Further details can be found in the ARR.

2.4. The Strategic Director for Resources (section 151 officer), is satisfied that the accounts represent a 'true and fair' view of the financial position of the authority at 31 March 2024.

2.5. Should there be any further audit adjustments required prior to the audit opinion, approval will be sought from the Section 151 Officer in consultation with the Chair of the Committee.

2.6. It is a requirement of International Auditing Standards for the Auditor to request a letter from the Council that sets out management representations for the main accounts and for the Pension Fund. Appendices D and E include drafts of these letters that will be completed and signed, on behalf of the authority, by the Council's Section 151 Officer and the Chair of the Audit Committee.

**3. Pension Fund Accounts 2023/24**

- 3.1. The audit of the Pension Fund Accounts for the 2023/24 financial year commenced at the beginning of June and is substantially complete. The audited Pension Fund Accounts are included in the Financial Statements, Appendix C.
- 3.2. The draft Audit Results Report for the Pension Fund can be found at Appendix B and the Auditor will present their findings and update the Committee on any matters that may have arisen since the conclusion of the audit.
- 3.3. The auditor expects to issue an unqualified opinion on the 2023/24 Pension Fund Accounts.

**4. Value for Money Assessment**

- 4.1. The external auditor's assessment of the Council's value for money (VfM) arrangements for the period 1 April 2023 to 31 March 2024 is included in the ARR, Appendix A.

**5. Annual Governance Statements**

- 5.1. The Annual Governance Statement (AGS) 2023/24 is attached at Appendix F. A draft was approved by the committee on 14 May 2024 and approved by the Leader and Chief Executive of the Council in January 2025.
- 5.2. Under the Accounts and Audit Regulations 2015, publication of the annual governance statement follows the same timetable as the financial statements. In February 2024, recognising that many authorities had at least one set of unaudited financial statements relating to prior years, CIPFA issued guidance to affected local authorities in England on the publication of the annual governance statement.
- 5.3. The Annual Governance Statement for 2023/24 has been reviewed in line with the CIPFA guidance and the committee are asked to approve it in accordance with the regulations.

**IMPLICATIONS AND RISKS**

**Financial implications and risks:**

There are no direct financial implications arising from this report.

**Legal implications and risks:**

There are no legal implications arising from this report other than those referenced within the body of the report.

**Human Resources implications and risks:**

There are no direct human resources implications in this report.

**Equalities implications and risks:**

There are no direct equalities implications in this report.

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

<p><b>ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS</b></p>
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<p>None arising directly from this report.</p>
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**Appendices:**

Appendix A – Draft Council Audit Results Report 2023/24

Appendix B – Draft Pension Fund Audit Results Report 2023/24

Appendix C – Statement of Accounts for the financial year ended 31st March 2024

Appendix D – Draft Letter of Representations for Havering Council, 2023/24

Appendix E – Draft Letter of Representations for Havering Pension Fund, 2023/24

Appendix F – Annual Governance Statement 2023/24