

North Yorkshire Council

Audit Committee

24 February 2025

Statement of Final Accounts 2023/24 – NYC and NYPF

Report of the Corporate Director Resources

1.0 PURPOSE OF REPORT

- 1.1 To approve the Letter of Representation 2023/24 to be submitted to the External Auditor for North Yorkshire Council.
- 1.2 To approve the Statement of Final Accounts and Annual Governance Statement 2023/24 for North Yorkshire Council.

2.0 SUMMARY

- 2.1. This report provides an update on the audit, certification and publication of the final audited Statement of Accounts (SOFA) for North Yorkshire Council and the North Yorkshire Pension Fund following completion of the audit of the accounts for 2023/24.

3.0 BACKGROUND

- 3.1. On 31 July 2024 the Government confirmed their approach to tackling the audit backlog for local government. Following consultation, they confirmed the following backstop dates:
 - Financial years up-to-and-including 2022/23: 13 December 2024
 - Financial year 2023/24: 28 February 2025
 - Financial year 2024/25: 27 February 2026
 - Financial year 2025/26: 31 January 2027
 - Financial year 2026/27: 30 November 2027
 - Financial year 2027/28: 30 November 2028
- 3.2 Where auditors have been unable to complete audits, they have issued a 'disclaimed' or 'modified' audit opinion. The Government acknowledge that auditors are likely to issue hundreds of 'disclaimed' audit opinions and disclaimed opinions will likely continue for some bodies for a number of years.
- 3.3 The Government have stated that while there will be modified and disclaimed opinions, auditors' other statutory duties – including to report on Value for Money (VfM) arrangements, and, if necessary, to exercise their power to make statutory recommendations and issue Public Interest Reports – remain a high priority.
- 3.4 The Government have also stated that local bodies should not be unfairly judged based on disclaimed or modified opinions, caused by the introduction of backstop dates that are largely beyond their control & that auditors are expected to provide clear reasons for the issuing of such opinions to mitigate the potential reputational risk that authorities may face.

4.0 NYC & NYPF ACCOUNTS 2023/24

- 4.1 The draft SOFA for 2023/24 incorporating the accounts of the North Yorkshire Pension Fund were considered by this Committee on 23 September 2024.
- 4.2 The audit, certification and publication of outstanding final audited SOFAs for all legacy Councils following completion of audits for all years up to 2022/23 were finalised in December 2024.
- 4.3 Forvis Mazars have been working with officers on the audit of the North Yorkshire Council 2023/24 SOFA from summer 2024 alongside the audit of the legacy council accounts. While the audit of the North Yorkshire Pension Fund accounts have been completed and significant work has been progressed on the North Yorkshire Council accounts, Forvis Mazars have advised that they have not concluded sufficient work to confirm a final audit opinion and that they will be issuing a disclaimed audit opinion on the Council's 2023/24 accounts.

Letter of Representation

- 4.2 The External Auditor requires a written representation from the Council's management as an acknowledgement of its responsibility for the fair presentation of the SOFA and as audit evidence on matters material to the financial statements. The management Letter of Representation is attached as **Appendix A**. Members are asked to consider and approve the letter and authorise the Chairman and Corporate Director Resources to sign the letter on their behalf. The Letter will then be submitted to the External Auditor once signed.

Annual Governance Statement

- 4.3 The Annual Governance Statement (AGS), which is incorporated in the Statement of Accounts, is an annual report which assesses the effectiveness of the governance processes which have been put in place within the Council. The Audit Committee considered a draft AGS at its meeting on 23 September 2024 and some minor changes have subsequently been actioned along with completion of sections 7 & 8 following a further review by officers. The Audit Committee is therefore requested to formally approve the AGS 2023/24.

Statement of Accounts

- 4.4 The audited final SOFA is attached as **Appendix C**. A number of changes have been made to the SOFA since it was considered by this Committee on 23 September 2024. These changes are explained in detail in **Appendix B** attached and arise from:
- i) changes agreed with the External Auditor during their audit of the accounts;
 - ii) internally initiated refinements together with those resulting from comments and questions by Members of this Committee and the Corporate Governance Working Group;
 - iii) inclusion of the External Auditor's certificate which was not included in the draft SOFA (the audit certificate is currently awaiting finalisation from Mazars and confirmation will follow).
- 4.5 Members are therefore asked to approve the Final SOFA for 2023/24 subject to any further audit changes in relation to the audit certificate and authorise the Chairman and Corporate Director Resources to sign the accounts on behalf of the Audit Committee.

5.0 Corporate Governance Working Group

5.1 The Corporate Governance Working Group will meet on Monday 17 February to consider the North Yorkshire Council SOFA, AGS and Audit Report. An update from the Working Group will follow this report.

6.0 ALTERNATIVE OPTIONS CONSIDERED

6.1 No alternative options were considered.

7.0 FINANCIAL IMPLICATIONS

7.1 There are no specific financial implications.

8.0 LEGAL IMPLICATIONS

8.1 There are no specific legal implications.

9.0 EQUALITIES IMPLICATIONS

9.1 There are no equalities implications.

10.0 CLIMATE CHANGE IMPLICATIONS

11.1 There are no climate change implications.

12.0 REASONS FOR RECOMMENDATIONS

12.1 Member approval is required to sign off the audited SOFA in order to fulfil the obligations of those charged with the council's governance (i.e. the Audit Committee).

13.0 RECOMMENDATIONS

13.1 That Members authorise the Chairman to sign the Letter of Representation as set out in **paragraph 4.2 and Appendix A** on behalf of the Audit Committee.

13.2 That in relation to NYC's Statement of Final Accounts (SOFA) 2023/24:

- (i) Members note the changes to the Final SOFA as set out in **paragraph 4.4 and Appendix B**
- (ii) Members approve the Final SOFA for 2023/24 (**paragraph 4.5**); and
- (iii) Subject to no further material changes arising from the audit, delegate authority to the Chairman and Corporate Director Resources to sign the Statement of Responsibilities for the Statement of Accounts as attached at **Appendix C**

APPENDICES:

Appendix A – Management Letter of Representation

Appendix B – Changes to the NYC 2023/24 Statement of Accounts since September 2024 Audit Committee

Appendix C – NYC Statement of Accounts 2023/24

BACKGROUND DOCUMENTS:

CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24

Gary Fielding
Corporate Director – Resources
County Hall
Northallerton
February 2025

Report Author – John Raine Head of Corporate and Technical Finance

Note: Members are invited to contact the author in advance of the meeting with any detailed questions.