



Borough of Telford and Wrekin

Audit Committee

29 January 2025

2023/24 Audited Statement of Accounts

Cabinet Member:	Cllr Zona Hannington - Cabinet Member: Finance, Governance and Customer Services
Lead Director:	Michelle Brockway - Director: Finance, People & IDT
Service Area:	Finance, People & IDT
Report Authors:	Pauline Harris - Finance Manager: Corporate Finance Edward Rushton - Finance Manager: Corporate Finance
Officer Contact Details:	Tel: 01952 383701 Email: pauline.harris@telford.gov.uk / edward.rushton@telford.gov.uk
Wards Affected:	All Wards
Key Decision:	Not Key Decision
Forward Plan:	Not Applicable
Report considered by:	Audit Committee – 29 January 2025

1.0 Recommendations for Decision/Noting

It is recommended that Audit Committee

- 1.1 Approve the 2023/24 Statement of Accounts attached at Appendix A
- 1.2 Grant authority for the Chair to sign the Letter of Representation
- 1.3 Grant delegated authority to the Director: Finance, People & IDT, following consultation with the Chair, to make any final changes required to the Statement of Accounts prior to publication.

2.0 Purpose of Report

- 2.1 To provide Members with an update on the audit of the Council's accounts for 2023/24 and present the Statement of Accounts for approval. At the time of writing

this report KPMG had substantially completed the audit and delegated authority is therefore sought to make any final changes required prior to publication. We will update members of material changes as appropriate

3.0 Background

3.1 The Statement of Accounts is prepared on an International Financial Reporting Standards (IFRS) basis as interpreted by the Local Government Accounting Code of Practice which continues to add a level of complexity.

3.2 In accordance with the Accounts and Audit (England) Regulations 2015 and associated Amendment regulations, the Chief Financial Officer certified the draft statement of accounts in May 2024. These were presented to Audit Committee on the 29 May 2024, made available for public inspection and provided to the external auditors to undertake the audit of accounts.

3.3 As previously reported to Members, nationally there is a backlog of outstanding unaudited accounts in England, with just 1% of councils and other local bodies publishing audited accounts on time for 2022/23 and a significant number of local audits in England are still outstanding. To tackle the backlog, the Government legislated statutory backstop dates. To meet backstop dates, some financial statements will be published with 'modified' opinions, which may vary depending on the extent to which the auditor is able to evidence assurance through their audit work. The back-stop dates were laid in Parliament on 9 September 2024 in The Accounts and Audit (Amendment) Regulations 2024 and are:

Financial Year	Statutory Backstop Date
2022/23 and before	13 December 2024
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

3.4 It is pleasing that the audit opinion (unqualified) and certificate for Telford & Wrekin Council's 2022/23 Statement of Accounts were received in May 2024, well ahead of the back-stop date. We also anticipate an unmodified audit report along with an unqualified audit opinion for the 2023/24 Statement of Accounts which is the best possible outcome, meaning the auditor has obtained sufficient evidence to support a view that the financial statements are materially accurate and fairly represent the audited body's financial situation.

3.5 The Government is committed to improving local audit and has launched a Strategy for Overhauling the Local Audit System in England which is subject to consultation running to 29 January 2025. This includes proposals to establish a new oversight organisation, the Local Audit Office (LAO), to simplify the system and drive change,

together with reviewing capacity and skills in the sector. The indicative timeframe for the transition to the new local audit system is for it to be fully operational by 2028.

- 3.6 As required by regulation, the updated statement of accounts is now presented to members for approval, prior to publication. This Committee has delegated authority to approve the council's audited Statement of Accounts.
- 3.7 The Council's external auditors, KPMG will provide an update on their audit work, findings and recommendations to Audit Committee Members at this meeting.
- 3.8 A number of changes to the accounts have been identified, which have been agreed and included in the updated Statement of Accounts, appended to this report. Further details of these can be found in section 4 below. The changes do not affect the outturn position or General Fund Balance which remain as reported to Cabinet on 10 July 2024 (an underspend against budget of £0.015m, equivalent to -0.01% of the net budget).
- 3.9 Following approval, and any final changes required, the Statement of Accounts will be published on the Council's web site and a copy will be circulated to Audit Committee Members.

4.0 Summary of main proposals

4.1 A number of changes have been made to the accounts during the course of the audit, following discussion with KPMG. None of these has impacted on the General Fund Balance position previously reported and noted above. In summary, the main changes are:

- **Property, Plant and Equipment** – spend relating to 3 schools which converted to Academies on 1st April 2024 wasn't correctly treated as the Council expenditure and was accounted for via REFCUS (i.e. treated as spend on 3rd party assets). Correction impacted the balance sheet only, £1.768m, PP&E and the Capital Adjustment Account.
- **Note 5: Post Balance Sheet Events, pension disclosures** – disclosure added to reflect In July 2024, the Court of Appeal dismissed an appeal by Virgin Media Group concerning a High Court ruling in June 2023 pertaining to Defined Benefit Obligations. HM Treasury are currently reviewing whether this ruling is applicable to public pension schemes and full guidance is still to be issued.
- **Note 10: Expenditure & Income Analysis by Nature** – disclosure note amended to reflect the cost of school-based staff as Employee Expense rather than Other Service Benefits. 2022/23 comparative totals have also been amended.
- **Note 12: Defined Benefit Pensions participation in Pension Scheme** – further information provided in relation to a change in methodology in the way the actuary calculates the Net Discount Rate and the guarantees the Council offers to cover liabilities associated with the pensions of ex-employees following the transfer of council services to external bodies.
- **Note 41: Grant Income** – updated grant analysis.

- **Note 47: Related Parties** – a number of small amendments following further review to ensure completeness.
- Various wording and presentational changes
- The Narrative Statement, Core Financial Statements and Group Accounts have been updated to reflect all changes as appropriate.

4.2 A number of items identified through testing remain uncorrected following discussion with KPMG as they fall below the materiality limit. These include –

- Income generated by schools through either miscellaneous cash or sales ledger invoicing has been excluded from the CIES. The inclusion of these transaction would have a net nil impact overall, however income and expenditure are understated.
- An incorrect assessment of the estimated commitment of an accrual (residential).
- A pension obligation relating to secondary contributions has been identified by KPMG which would affect the net pension deficit. Whilst the pension fund actuary, Mercers, recognised the contributions have not been considered in their estimates, they believe if included this would have no impact.

4.3 The updated Statement of Accounts are included in Appendix A.

4.4 An unmodified audit report along with an unqualified audit opinion is anticipated.

4.5 To comply with International Auditing Standards, the external auditor will also present a separate report to those charged with governance, including recommendations, to the Audit Committee which comments on the final accounts audit.

5.0 Alternative Options

5.1 Production and publication of the statement of accounts is a statutory requirement. Changes to the Statement of Accounts have been discussed and agreed with the Council's external auditors, KPMG.

6.0 Key Risks

6.1 The audited statement of accounts together with an unqualified audit opinion provide assurance to local taxpayers, Councillors and other stakeholders about the Council's financial position and governance arrangements which is important for transparency, accountability and decision making. Without these there could be reputational, legal and financial risk.

7.0 Council Priorities

7.1 The statement of accounts summarises the cost of services provided by the Council during the year which relates to the delivery of all Council priorities.

8.0 Financial Implications

8.1 The financial impacts are detailed throughout the report.

9.0 Legal and HR Implications

9.1 The Statement of Accounts has been prepared in accordance with the 2023/24 Code of Practice on Local Authority Accounting, the 2015 Accounts and Audit Regulations (and subsequent amendments), and The Accounts and Audit (Amendment) Regulations 2024. Legal advice is provided on an ongoing basis in relation to the statement of accounts.

10.0 Ward Implications

10.1 There are no impacts on specific wards

11.0 Health, Social and Economic Implications

11.1 There are no Health, Social and Economic Implications directly arising from this report.

12.0 Equality and Diversity Implications

12.1 There are no Equality & Diversity implications directly arising from this report.

13.0 Climate Change and Environmental Implications

13.1 There are no Climate Change and Environmental Implications directly arising from this report.

14.0 Background Papers

- 1 2023/24 Draft Statement of Accounts
- 2 2023/24 Financial Outturn Report
- 3 General Ledger Reports
- 4 2023/24 Code of Practice on Local Authority Accounting
- 5 Code for Infrastructure Assets (November 2022)
- 6 Accounts and Audit (England) Regulations 2015 and associated Amendments

15.0 Appendices

Appendix A Audited 2023/24 Statement of Accounts

16.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Director	17/01/2025	17/01/2025	MLB

2023/24 Audited Statement of Accounts

Finance	17/01/2025	28/01/2025	PH
Legal	17/01/2025	28/01/2025	RP