

Title of Report: Audit Completion Report Year Ended 31 March 2024 and Statement of Accounts 2023/24

Report of: Darren Collins, Strategic Director, Resources and Digital

Purpose of the Report

1. This report updates the Audit and Standards Committee on the outcome and findings of the audit of Gateshead's Statement of Accounts 2023/24 by the Council's external auditor Forvis Mazars.

Background

2. The Accounts and Audit Regulations 2015 require that the Council's Statement of Accounts should be approved by a committee. In Gateshead's governance framework, this is the Accounts Committee. However, best practice guidance outlines that the Audit and Standards Committee should also review the financial statements and external auditor's opinion. Review by this Committee is an additional step in the process to comply with best practice.
3. The annual audit of the Council's Statement of Accounts and use of resources has now been substantially completed for 2023/24 and the Council's external auditor, Forvis Mazars has issued its Audit Completion Report, subject to the completion of outstanding work.
4. The Audit Completion Report covers:
 - a. The Council's Statement of Accounts including significant findings, internal control recommendations, and a summary of adjusted and unadjusted misstatements;
 - b. The draft management representation letter, and the external auditor's draft audit opinion; and
 - c. The Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources. The primary output of Mazars work on the Council's approach to Value for Money is the commentary on those arrangements that form part of the Annual Report. Forvis Mazars intend to issue the Annual Report no later than three months after the report on the financial statements is signed.
5. The external auditor's report is attached at Appendix 1 and the Council's Statement of Accounts (subject to outstanding work) is attached at Appendix

6. Although the Forvis Mazars have substantially completed their work, it should be noted that they also place reliance on the work of other auditors, including Ernst and Young (EY) to give assurance on the Tyne and Wear Pension Fund (TWPF) disclosures in the Council's Statement of Accounts.
7. An update position will be presented to the Committee by Forvis Mazars. A follow-up letter will be provided, prior to signing the auditor's report.

Audit Completion Report

8. Forvis Mazars Audit Completion Report is included as Appendix 1 to this report. The key messages are as follows:
 - a. Audit Opinion – At the time of issuing the report, and subject to satisfactory conclusion of the remaining audit work, Forvis Mazars anticipate issuing an unqualified opinion, without modification, on the financial statements. However, this is subject to the conclusion of matters in relation to pensions.
 - b. Identified misstatements – the auditor's work identified a number of misstatements that have been discussed with management. A summary of the identified misstatements is set out in the report.
 - c. Value for Money – at the time of issuing the report, Forvis Mazars anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources.
 - d. Whole of Government Accounts (WGA) – the National Audit Office (NAO) have yet to issue instructions and until this is available Forvis Mazars are unable to commence work on the Council's WGA submission.
 - e. Wider Powers – the Local Audit and Accountability Act 2014 requires the auditor to give an elector, or any other representative of the elector, the opportunity to question them about the accounting record of the Council and to consider any objection to the accounts. No questions or objections have been received.
9. The Statement of Accounts is materially consistent with the 2023/24 revenue and capital outturn reports considered by Cabinet on 25 June 2024. Along with minor adjustments and presentational changes, the significant findings and misstatements to the Statement submitted for audit on 31 May 2024 have been identified through the audit process. These are outlined in Forvis Mazars Audit Completion Report:
 - a. Significant Findings – section 4;
 - b. Internal Control Recommendations – section 5;
 - c. Summary of misstatements (adjusted and unadjusted) – section 6

10. None of the changes to the Statement of Accounts impact on the revenue and capital outturn positions reported to Cabinet, nor do they affect the position of any usable reserves. Further testing is ongoing on the identified unadjusted misstatements with a view to assessing the impact on materiality. This may require further adjustments to the statement of accounts.

Recommendation

11. The Committee is requested to note the contents of the external auditor's Audit Completion Report and any update reports and review and comment on the Statement of Accounts 2023/24, prior to submission to the Accounts Committee.