



## Audit and Governance Committee

**28 November 2024**

Title:	Audited Statement of Accounts and Annual Governance Statement 2022/23
Report of:	Janice Gotts – Executive Director Resources / Robert Emery, Assistant Director of Finance
Public Report:	Yes
Key Decision:	No
Voting Arrangements:	A simple majority of all Members

### Recommendations:

A	Review the Annual Governance Statement 2022/23
B	Approve the audited Statement of Accounts 2022/23
C	Authorise the Chair of the Audit and Governance Committee to sign off any further immaterial changes required to the Statement of Accounts and Annual Governance Statement for 2022/23 prior to publication.

### Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

X	Delivering Best Value and High Performance
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Completing annual statement of accounts and the associated audit are required by law and enables the Combined Authority's stakeholders, from Members to the public to our Auditors, to hold us to account and for us to deliver on our commitment to being a transparent and accountable organisation.

### 1. Purpose

1.1	Following publication of the draft 2022-23 accounts, our external auditors EY have completed their audit of the accounts and the arrangements in place at the time to deliver value for money and have come to an opinion.
1.2	As set out in the Committee's terms of reference, the Audit and Governance Committee are responsible for reviewing the annual governance statement and approving the annual accounts and this report presents the accounts, as adjusted for the findings of the auditors, for the Committee's review and approval.

### 2. Proposal

2.1	The Committee are recommended to approve the audited accounts and review the annual governance statement.
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### 3. Background – Combined Authority Accounts

3.1	At the 7 July 2023 meeting, the committee received the draft 2022-23 Statement of Accounts and Annual Governance Statement. At the time there was still some work outstanding the most significant items relating to the valuation of the university buildings held in the subsidiary companies.
3.2	The draft Statement of Accounts, together with the draft Narrative Report and draft Annual Governance Statement were signed by the Chief Finance Officer and published in draft form on the Combined Authority's website together with the notice of the exercise of public rights on the 31 <sup>st</sup> July 2023.
3.3	The period for the exercise of public rights concluded 12 <sup>th</sup> September 2023 and no one exercised their rights during this period.
3.4	Following the completion of 21/22 Statement of Accounts audit, 26 January 2024 Committee received the final 21/22 statement of accounts for review and approval and the auditors report which contained their findings and required updates.
3.5	As the 21/22 audit concluded after the publication of the 22/23 draft accounts, many of the required updates from the 21/22 audit also need reflecting in the 22/23 accounts. The most significant of these was the change in accounting policy to recognise the duration of Cash and Cash Equivalents as being investments with a maturity of 3 months or less from the date of acquisition rather than the balance sheet date which resulted in £20.2m moving from Cash and Cash Equivalents to Short Term Investments as at 31 March 2023.
3.6	The Annual Governance Statement has also been updated to provide information around the second Best Value notice and the subsequent lifting of the Notice.

### 4. Background – National audit, backstop and disclaimer

4.1.	<p>As previously reported to Committee, there have been national issues with timely delivery of local government audits which has resulted in legislation to introduce backstop dates for each year's audit. Previously, if there were outstanding issues with an Authority's accounts which were unresolved those accounts could remain outstanding for multiple years as the auditors were not in a position to issue an opinion in-line with their responsibilities.</p> <p>The implementation of a backstop date means that all accounts up-to and including the financial year 2022/23 must be finalised with an opinion by the 13<sup>th</sup> December 2024, and future dates being imposed for the years from 2023/24 onward. Where the auditors are unable to complete their audit work by the relevant backstop date for the year, then the audit is concluded with a disclaimer opinion in which the auditors state that they have been unable to complete sufficient work to come to a conclusion on the statement of accounts. The intention behind this is to allow the system to catch up and focus efforts on timely conclusion of more recent audits.</p>
4.2.	Following the delayed completion of the audit of the Combined Authority's 21/22 accounts, and in anticipation of the national response to the audit backlog, EY focussed on the audit of 23/24 statement of accounts and have only undertaken detailed audit work on the Value for Money opinion on the 22/23 accounts.
4.3.	The legislation is now in place to enable EY to conclude the 22/23 Statement of Accounts with a disclaimed opinion. Signature is planned for 2 <sup>nd</sup> December, which is within the 13 <sup>th</sup> December deadline for issuing opinions on all audits up to 22/23.
4.4.	It's important for the Committee and public to understand that the disclaimed opinion being issued does not indicate any identified shortcomings or inaccuracies in the Combined Authority's accounts, nor any undue delay to the draft accounts being available for audit as the Combined Authority published these in draft on the 31 <sup>st</sup> July 2023, six months before the completion of the 21/22 Audit.
4.5.	Looking forward, the 23/24 audit work has been substantially completed and the audit results report, which cannot be finalised until after the 22/23 audit is concluded, is scheduled for the February 2025 Audit and Governance Committee meeting, ahead of the 28 <sup>th</sup> February 2025 backstop date for 23/24 audits.

	<p>As less reliance can be placed on the 22/23 audit work, despite a full audit being conducted for 23/24 there is likely to be some form of modified opinion. More detail was provided to the Committee on this verbally by the External Auditor at the previous meeting, and this will be fully clarified alongside the 23/24 accounts in February.</p> <p>While the backstop for 24/25 accounts is February 2027, all prior years' accounts will have concluded so the expectation is that the audit of accounts will return to the normal cycle timing although detailed plans for how the external auditors will be rebuilding assurance mean this cannot be guaranteed.</p>
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## 5. Appendices

4.1	Appendix 1 – Audited statement of accounts, including the draft Annual Governance Statement
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## 6. Implications

### Financial Implications

5.1	<p>As per the audit results report elsewhere on this Committee's agenda, the scale fee for the 2022/23 audit is £32,165, and this is the amount that has been assumed in the accounts.</p> <p>As a full audit has not been undertaken, the final fee may be lower than this. However historically the scale fee hasn't covered all the work actually required by the audit code and final fees will be dependent on the value of work actually undertaken by EY.</p>
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### Legal Implications

6.1	There are no direct legal implications, and there are no sanctions on local authorities for having their accounts audited late.
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### Public Health Implications

7.1	There are no direct public health implications
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### Environmental & Climate Change Implications

8.1	There are no direct climate change implications.
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### Other Significant Implications

9.1	There are no other significant implications
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### Background Papers

10.1	None
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