



Audit and Governance Committee

18 July 2024

Title:	Draft Statement of Accounts and Annual Governance Statement 2023/24
Report of:	Janice Gotts – Executive Director Resources
Public Report:	Yes
Key Decision:	No
Voting Arrangements:	N/A

Recommendations:

A	Note the draft Annual Governance Statement 2023/24
B	Note the draft of the Statement of Accounts 2023/24

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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Delivering timely draft accounts 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	The purpose of the report is for the Audit and Governance Committee to note the draft Annual Governance Statement and Statement of Accounts for the 2023/24 financial year
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2. Proposal

2.1	The Audit and Governance Committee's terms of reference include the responsibility to review the Annual Governance Statement and approve the final statement of accounts. While the Committee is not required to approve the draft statements, the audit of the 2023/24 accounts will not be taking place until August so providing them an opportunity to review the drafts allows for more timely discussion and feedback.
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3. Background

3.1	The draft Statement of Accounts, together with the draft Narrative Report and draft Annual Governance Statement were signed by the Acting Chief Finance Officer and published in draft form on the
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	Combined Authority's website together with the notice of the exercise of public rights on the 31 st May 2024 in-line with statutory deadlines.
3.2	The draft accounts will be subject to external audit before the Audit and Governance Committee review and sign off the final accounts following the audit, anticipated in November.
3.3	<p>Nationally, the timeline for delivering local government audits has slipped significantly and the Government had intended to pass legislation to create a backstop date for unaudited 22/23 accounts however Parliament was dissolved following the announcement of the General Election prior to this being passed.</p> <p>As such the status of the 22/23 audit cannot be confirmed and the 23/24 opinion cannot be finalised until this is concluded. As such, while it is currently anticipated that the auditor's opinion will be presented, along with the final set of accounts, in November 2024 this is subject to the new Government passing equivalent legislation – more detail on this will be covered in the report of the External Auditor elsewhere in the Committee's agenda.</p>
3.4	<p>2022-23 was a year of significant challenges for the Combined Authority, with a letter from its external auditors (EY) expressing that it had observed significant governance weaknesses followed by a non-statutory best value notice from the Department for Levelling Up, Homes & Communities. The Combined Authority reacted swiftly and has been addressed the identified weaknesses through its ongoing improvement plan; this work continued throughout the 23/24 period and was recognised within a second Best Value Notice issued in January 2024, which required that the Combined Authority continue to work on several of its existing workstreams.</p> <p>The Annual Governance Statement is there both to provide a report on the governance framework in place during the year, and also to identify areas which will be a focus of improvement work for the current and future years. As work following the events in 22/23 was ongoing throughout 23/24 and amended to reflect the content of the second Best Value Notice issued in January 2024, the draft 23-24 statement reflects these events, the progress made to-date through the improvement plan, and the steps which the Combined Authority continues to take in 24/25 to continue to deliver on those plans and address the areas highlighted in the best-value notice.</p>
3.5	The accounts included as appendix 2 to this paper have not been fully updated for the movements in the Combined Authority's investments in its subsidiaries which mean that the final audited accounts will differ somewhat from the draft accounts presented here will, however the report accompanying the final accounts and the Auditor's opinion will highlight changes if they are material.

4. Appendices

4.1	Appendix 1 – Draft statement of accounts, including the draft Annual Governance Statement
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5. Implications

Financial Implications

5.1	<p>As per the External Audit plan report elsewhere on this Committee's agenda, the scale fee for the 2023/24 audit is £106,299 however this is a baseline, with any additional work required billed above this and referred to as the "Scale Fee Variation".</p> <p>While the level of variation above the base fee cannot be estimated at this time, given the EY's classification of the Combined Authority's as a "Close Monitoring" audit the variation for the 2021/22 audit (which was also a Close Monitoring audit) was £170k.</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
Environmental & Climate Change Implications	
8.1	There are no direct climate change implications.
Other Significant Implications	
9.1	There are no other significant implications
Background Papers	
10.1	None