

Report for: Audit Committee 27 January 2025

Item number: 7

Title: 2023/24 Statement of Accounts – External Auditors Annual Report

Report authorised by: Taryn Eves, Director of Finance (S151 Officer)

Lead Officers: Kaycee Ikegwu, Head of Finance & Chief Accountant
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Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non Key decision

1. Describe the issue under consideration

- 1.1. For those charged with Governance (the Audit Committee) to consider the statutory Annual Report from KPMG, which highlights their findings from the audit of the Council's statutory accounts, value for money and other relevant information.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

- 3.1. That the Committee consider the contents of this report and any further oral updates given at the meeting by KPMG.
- 3.2. That the committee notes the Audit Findings Report of the auditors, KPMG and the management responses in the KPMG action plan contained within the report.
- 3.3. That the Committee gives the Chair of the Committee and Chief Finance Officer (S151 Officer) authority to sign the letter of representation to the Auditor.
- 3.4. That the Committee delegates the approval of the Statement of Accounts 2023/24, subject to any final changes required by the conclusion of the audit, to the Chair and to the Chief Financial Officer (S151 Officer).

4. Reason for Decision

- 4.1. Approval of the Council's accounts is a non-executive function fulfilled by the Audit Committee.

5. Other options considered

- 5.1. None.

6. Background information

- 6.1. The preparation and audit of the annual statement of accounts is a statutory requirement of the Accounts and Audit (England) Regulations 2015. The draft accounts must be prepared and certified by 31 May by the Chief Financial Officer that it represents a true and fair view of the financial position of the Council.
- 6.2. The statutory position is that by no later than 31st July each year the accounts must be audited, amended as required, considered by the appropriate committee responsible for audit and published. This deadline was revised to 28 February for 2023/24 Statement of accounts in accordance with the backstop arrangement.
- 6.3. The content of the Statement of Accounts is largely determined by statutory requirements and mandatory professional standards as set out within the "Code of Practice on Financial Reporting" published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The CIPFA Code of Practice is based on International Financial Reporting Standards (IFRS).

Statement of Accounts 2023/24

- 6.4. The Accounts show the financial position of the Council (the single entity accounts) and the "Group" which comprises the Council itself plus its share of any controlled Companies. The Council incorporates Homes for Haringey and Alexandra Park & Palace Charitable Trust within its Group Accounts. The following paragraphs give a brief overview of the statements to facilitate navigation of the document:
- a) **The Narrative Report** provides commentary on the financial and nonfinancial performance of the Council, highlights most significant matters reported in the accounts as well as looking at future developments and challenges for the Council and key strategic risks. The narrative report is not formally part of the Statement of Accounts

and is not therefore covered directly by the statutory requirements for an audit opinion.

b) **The Core Statements** comprising:

The Comprehensive Income and Expenditure (I&E) Statement shows the costs incurred and income received in respect of the services provided by the Council within the financial year. The I&E contains a number of „accounting“ entries that are required to be made by the Code of Practice governing the presentation of the accounts: and as a result, it is different from the standard management accounts reported to Members through the year.

The Expenditure and Funding Analysis (EFA) shows:

- the income and expenditure chargeable to General Fund and HRA balances; and
- adjustments required to prepare accounts on a generally accepted accounting basis.

The objective of the EFA is to demonstrate to council tax and rent payers how the funding available to the Council (i.e. council tax, housing rents, business rates and central government grant) has been used in providing services in comparison to those resources consumed in accordance with generally accepted accounting practices. The EFA shows how the resources have been allocated for decision making purposes. The EFA is not a primary statement but has been included with the Core Statements to give prominence to this important note.

The Movement in Reserves Statement shows the money that the Council had in its reserves at the beginning of the financial year, and details the money coming in and out of those reserves resulting in the closing balance on 31 March 2024. It shows the movement in both useable and un-useable reserves including Earmarked Reserves.

The Balance Sheet lists the financial value of the assets and liabilities of the Council as at the end of March 2024.

The Cashflow Statement shows movement during the year based on cash transactions (rather than the accruals basis used in the CIES). As such, it explains how the Council's cash position has changed over the course of the year.

c) **Notes to the Accounts**

The Notes to the Accounts provide more detail behind the figures in the four main statements above and the EFA. The references on the statements direct the reader to the relevant note(s).

d) Subsidiary Statements

The **Housing Revenue Account (HRA)** is a separate ring-fenced account showing the expenditure and income relating to the management and maintenance of the Council's social housing stock.

The **Collection Fund** is a separate account detailing Council Tax collection (including those collected on behalf of the Greater London Authority) and National Non-Domestic Rates (NNDR) which, following implementation of the Business Rates Retention Scheme, are shared between the Council, the Government and the GLA.

e) The Pension Fund Accounts

The Pension Fund Accounts are separate from the rest of the Council's accounts and show the income (pension contributions and investment returns) and expenditure (pension payments and fund management costs) for the year together with the assets and liabilities of the Pension Fund as at 31st March 2024. The Fund is audited at the same time as the Council's main accounts but is subject to a separate audit opinion.

Also published with the Statement of the Accounts is the Annual Governance Statement (AGS). The AGS sets out the governance structure of the Council and, its key internal controls.

External Auditor's Year End Report

- 6.5. The purpose of the report is to detail their findings and matters arising during the audit of the financial statements. It will include key audit issues, value for money conclusions and an agreed management action plan.
- 6.6. Whilst the auditors have identified few amendments to the accounts, there are no areas of dispute between the Council and the auditors. The audit went well and has been a good opportunity for KPMG to learn about Haringey and our processes; and for us to learn about their approach to audit and requirements.
- 6.7. The Council will consider the points raised and, where agreed, prepare an action plan to bring about those improvements. Delivery of the action plan will be closely monitored, and progress reported to Audit Committee.

Next Steps

- 6.8. KPMG are required to give their opinion on the accounts by 28 February 2025. Any outstanding work on the audit and agreed changes to the accounts, including updating the AGS, need to be completed before then.
- 6.9. The Chief Financial Officer (S151 Officer) and the Chair of the Audit Committee are required to sign a letter of representation to acknowledge their responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements. This will be done as soon as practical but before the 28 February 2025.

7. Contribution to Strategic Outcomes

- 7.1. None.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

- 8.1. As this report details a financial subject matter, finance comments are made throughout the content of this report.

Legal

- 8.2. The Statement of Accounts has been produced in accordance with the Accounts and Audit (England) Regulations 2015 and the Chartered Institute of Public Finance (CIPFA) Code of Practice, industry best practice principles and there are no areas of dispute between the Council and the auditors. Accordingly, there are no direct legal implications arising from the report.

Equalities

- 8.3. There are no equalities issues arising from this report.

9. Use of Appendices

Appendix 1 – Annual audit Report 2023/24 & ISA 260 report
Appendix 2 – Draft Statement of Accounts 2023/24

10. Local Government (Access to Information) Act 1985

- 10.1. Not applicable.