

**SPECIAL AUDIT COMMITTEE
24 FEBRUARY 2025**

ITEM NO

AUDIT OF ACCOUNTS 2023/24

SUMMARY REPORT

Purpose of Report

1. To present reports by the Council's external auditors, Forvis Mazars, on the audit for the year ended 31 March 2024.

Summary

2. In accordance with the Accounts and Audit (Amendment) Regulations 2022, all Local Authorities were required to produce the draft annual Statement of Accounts by 31st May 2024 and an audited set published by 30 September 2024.
 3. Due to a national backlog in the publication of audited accounts reaching an unacceptable level on 30th September 2024 the Accounts and Audit (Amendment) Regulations 2024 came into force. These regulations introduced statutory 'backstop dates' to help clear the backlog of audits and help rebuild assurance.
 4. The Amendment Regulations require the Council to publish its 2023/24 Statement of Accounts including the auditor's opinion by the backstop date of 28th February 2025.
 5. As a result of the backstop arrangements (the 2022/23 accounts were not signed off by our previous auditors until 29th November 2024) Forvis Mazars have determined that there was insufficient time between the backstop dates to complete their audit procedures so as to obtain sufficient appropriate evidence to complete a full audit.
 6. Forvis Mazars will therefore issue a disclaimer of opinion on the 2023/24 financial statements.
 7. A Disclaimer of opinion means that Forvis Mazars does not express an opinion on the financial statements and consequently no assurance is provided on the financial statements.
 8. It should be noted that Darlington is not the only Authority in this position and this position has arisen due to the national backlog situation which was outside of the Authority's control.
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9. Forvis Mazars reports are attached at **Annex 1** and **Annex 2** and will be presented by a representative from Forvis Mazars.

Recommendation

10. It is recommended that:-
- a) The Audit Strategy and Completion Report (**Annex 1**) for the year ended 31 March 2024 be noted.
 - b) Members note and approve the Letter of Representation in Appendix A of the Audit Strategy and Completion Report.
 - c) The Auditor’s Annual Report (**Annex 2**) for the year ended 31 March 2024 be noted.
 - d) The Audit Committee is requested to note (and subsequently approve when the audit is complete) the attached IFRS compliant Statement of Accounts at **Annex 3** for the 2023/24 financial year.

Reasons

11. The recommendation is supported to enable Cabinet to receive the results of external audit work carried out.

Elizabeth Davison
Executive Director – Resources and Governance

Council Plan	The Council’s financial statements contribute to all priorities outlined within the Council Plan.
Addressing inequalities	This report presents the auditors opinion of the Council’s financial statements for 2023/24. There is therefore no impact as a result of this report.
Tackling Climate Change	This report presents the auditors opinion of the Council’s financial statements for 2023/24. There is therefore no impact as a result of this report.
Efficient and effective use of resources	This report includes the auditors findings on our arrangements to secure Valur For Money.
Health and Wellbeing	This report presents the auditors opinion of the Council’s financial statements for 2023/24. There is therefore no impact as a result of this report
S17 Crime and Disorder	This report has no implications for crime and disorder
Wards Affected	No specific impact on an individual area as a result of this report
Groups Affected	No specific impact on an individual area as a result of this report
Budget and Policy Framework	This report does not recommend a change to the Council’s budget or policy framework

Key Decision	This is not a key decision
Urgent Decision	This is not an urgent decision
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

Background Papers

- (i) Council's accounts 2023-24
- (ii) Forvis Mazars Audit Strategy and Completion Report – Year ended 31 March 2024
- (iii) Forvis Mazars Annual Audit Report – Year ended 31 March 2024

Judith Murray: Extension 5204

MAIN REPORT

12. The external auditors are required by the Public Sector Audit Appointments Ltd (PSAA) to report to Members issues arising from the accounts audit. The Audit Strategy and Completion Report and the Annual Audit report detail the significant findings from Forvis Mazars.
 13. As previously outlined to this Committee the Accounts and Audit (Amendment) Regulations 2024 introduced a series of backstop dates for the financial years 2022/23 and before up to 2027/28.
 14. The 2022/23 accounts were not completed until just before the first backstop date of 13th December 2024. This audit was undertaken by our previous auditors Ernst and Young LLP (EY). Due to capacity issues at EY they were not able to perform a full audit by the backstop date and issued a disclaimer of opinion.
 15. The backstop date for the 2023/24 accounts is the 28th February 2025 and this audit is being undertaken by our new auditors Forvis Mazars. Given the length of time between the backstop dates, the disclaimer of opinion of the 2022/23 accounts from EY and the fact that Forvis Mazars have not previously audited our accounts, it was not reasonable to assume that a full audit would be possible.
 16. Forvis Mazars have therefore determined that there is insufficient time to complete their audit procedures and obtain sufficient appropriate evidence to provide an opinion on the 2023/24 accounts. They therefore intend to issue a disclaimer of opinion on the Council's financial statements.
 17. The basis of this Disclaimer of opinion can be found in the Audit Strategy and Completion Report (Appendix B). This Disclaimer states that the backstop date introduced by the Amendment Regulation has impeded their ability to obtain sufficient appropriate evidence
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to form an opinion on the financial statements as there has been insufficient time to perform all necessary audit procedures.

18. It should be noted that Darlington are not alone in receiving a Disclaimer of opinion and this is a national issue resulting from the introduction of the backstop dates to clear the audit backlog and rebuild audit assurance.
19. The Summary of amendments section of the Audit Strategy and completion report highlights amendments to the original 2023/24 draft statement of accounts. The final 2023/24 accounts include these amendments.
20. Forvis Mazars are also required to report to management and the Audit Committee any significant deficiencies in internal control identified during their audit. In this regard Forvis Mazars have not identified any significant deficiencies in internal control.
21. Forvis Mazars are expected to:
 - Give a Disclaimer of opinion on the Council's 2023/24 accounts.
 - Report that they have not identified any significant weaknesses in arrangements to secure value for money in its use of resources.
 - Confirm that the Council's Annual Governance Statement is not inconsistent with other information known to them.
22. Forvis Mazars reports are attached at **Annex 1** and **Annex 2** and will be presented by a representative from Forvis Mazars.

Outcome of Consultation

23. The content of this report was not subject to consultation.
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