

## Bath & North East Somerset Council

MEETING:	<b>Audit Committee</b>
MEETING DATE:	<b>27<sup>th</sup> November 2024</b>
TITLE:	<b>Audit Findings Reports for Council and Audited Statement of Accounts for Council and Avon Pension Fund 2023/24</b>
WARD:	All
<b>AN OPEN PUBLIC ITEM</b>	
<b>List of attachments to this report:</b> <b>Appendix 1</b> – Audit Findings Report for Bath & North East Somerset Council <b>Appendix 2</b> – Bath & North East Somerset Council Audited Statement of Accounts 2023/24 <b>Appendix 3</b> – Bath & North East Somerset Letter of Representation 2023/24 <b>Appendix 4</b> – Avon Pension Fund Letter of Representation 2023/24 <b>Appendix 5</b> – Revised Audit Opinion for Avon Pension Fund 2023/24 <b>Appendix 6</b> – Confidential Appendix to Annual Audit Report 2023/24	

### 1 THE ISSUE

- 1.1 The Audit Findings Report summarises the results of Grant Thornton’s audit of the 2023/24 statement of accounts. It includes the issues arising from the audit of the financial statements, and those issues which they are formally required to report to you under the Audit Commission’s Code of Practice and International Standard of Auditing (UK & Ireland) – ‘Communication of audit matters with those charged with governance’.
- 1.2 The Annual Governance Statement (AGS) is required by the Accounts and Audit (England) Regulations 2015 (amended 2022), to be published with the Council’s Statement of Accounts and to be formally approved and signed by the Leader of the Council and the Chief Executive. The AGS for 2023/24 has been completed in accordance with the framework previously agreed by the Audit Committee.

### 2 RECOMMENDATION

The Audit Committee is asked to agree that:

- 2.1 the issues contained within the Audit Findings Reports and addendum to the Auditor’s Annual Report for the Council is noted.

2.2 the audited Statement of Accounts, including the Letters of Representation for both Bath & North East Somerset Council and the Avon Pension Fund (including revised opinion) for 2023/24, are approved.

### **3 THE REPORT**

#### **Bath & North East Somerset Council's Accounts**

3.1 The Narrative Report to the Statement of Accounts gives an overview of the financial position as set out in the accounts in the detailed statements and notes.

3.2 The work carried out by Grant Thornton as part of the audit of the financial statements has resulted in a number of agreed amendments to the Disclosure Notes accompanying the Financial Statements, none of which adjusted the primary financial statements, including total usable reserves or net position of the Balance Sheet.

3.3 Details of the agreed changes are listed in **Appendix 1**.

3.4 Grant Thornton are proposing to issue an audit report including an unqualified audit opinion on the Council's 2023/24 Financial Statements.

#### **Avon Pension Fund's Accounts**

3.5 There have been some minor changes to the Avon Pension Fund accounts that were authorised for draft issue. This includes some minor adjustments to disclosure notes, including removal of immaterial disclosures and adding in some prior year comparators. There were also some rounding corrections and presentational changes.

3.6 The Audit Findings Report for the Avon Pension Fund was previously presented to the Corporate Audit Committee in September 2024.

3.7 The Avon Pension Fund has adequate liquidity to meet all liabilities due in the 12-month period from signing of the accounts. The expected payments due to be paid in the period are £262.1m offset by expected contributions of £224.6m giving a net outflow of £37.5m. At 31 March 2024 the Fund had assets of £5.8bn of which £174m are in highly liquid assets that are held to provide liquidity to meet payments if there is an unexpected shortfall in contributions. In addition, the Fund holds a further £1.8bn in listed equity assets which are also highly liquid and can be sold for cash within a short timeframe. These liquid assets are more than sufficient to meet any unexpected reduction in contributions. There are no concerning trends regarding timely receipt of contributions, with 99.79% of contributions received on time for the quarter ending 31 March 2024.

3.8 The Funding level (i.e. the ratio of the Fund's assets to liabilities) was 96% at the last valuation in 2022. By March 2024 the funding level rose to 98%. The strategic asset allocation is set to deliver the investment returns required to achieve full funding over a reasonable period.

- 3.9 It is therefore concluded that based on this evidence the Avon Pension Fund is a going concern with no material uncertainties.
- 3.10 Grant Thornton are proposing to issue an audit report including an unqualified audit opinion on the Pension Fund's 2023/24 Financial Statements.

## **Annual Governance Statement**

3.11 In accordance with the framework agreed by the Audit Committee, Internal Audit has led on the collation and co-ordination of information relating to the preparation of the Annual Governance Statement and gathering of evidence to support the contents of the Statement. The Council's Annual Governance Statement has been published within the Statement of Accounts and is a declaration of assurance, its aim is to report the extent to which the Council has in place reliable controls that will safeguard its resources and ensure that these are being used to meet priorities and service objectives agreed by Members.

3.12 The Annual Governance Statement records two 'significant' issues:

- A) Financial Challenge – Service Demand and Cost Pressures
- B) Children Services – Dedicated Schools Grant Deficit & the Safety Valve Agreement

The Statement details the issues and sets out the high-level actions that the Council is taking to manage these significant issues.

## **4 STATUTORY CONSIDERATIONS**

- 4.1 The Statutory Statement of Accounts have been produced in accordance with the CIPFA Code of Practice on Local Authority Accounting based on International Financial Reporting Standards.
- 4.2 The Accounts and Audit Regulations 2015 require that the Statement of Accounts shall be approved by a resolution of a Committee of the relevant body and that following approval, the Statement of Accounts be signed and dated by the person presiding at the Committee.
- 4.3 The preparation and publication of an Annual Governance Statement is in accordance with the CIPFA / SOLACE Framework "Delivering Good Governance in Local Government. The Statement explains how Bath & North East Somerset Council has complied with the Local Code of Corporate Governance which arises from the CIPFA framework and also meets the requirements of the Accounts and Audit (England) Regulations 2015, specifically Regulation 4 (2) in respect of the annual review of the effectiveness of its system of internal control and Regulation 4 (3) in respect of the preparation and publication of an Annual Governance Statement.

These regulations require authorities to "conduct a review at least once a year of the effectiveness of its system of internal control" and to prepare a statement on internal control "in accordance with proper practices". Regulation 4 requires the

findings of the review of the system of internal control to be considered by a Committee of the relevant body, or by its members of the body meeting as a whole. At Bath & North East Somerset Council, this function is the responsibility of the Audit Committee.

## 5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 The Council's Statement of Accounts sets out the Income and Expenditure for the 2023/24 financial year, together with the Balance Sheet and all related supporting information.

## 6 RISK MANAGEMENT

6.1 The Council's on-going financial position is an identified risk that is regularly monitored.

## 7 CLIMATE CHANGE

7.1 The Council's Statement of Accounts is a statutory requirement. This is an information only report about the Council's financial performance for 2023/24, it therefore does not include any decisions that have a direct impact on Climate Change.

## 8 OTHER OPTIONS CONSIDERED

8.1 None

## 9 CONSULTATION

9.1 Consultation has been carried out with the Executive Director of Resources.

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<b>Background papers</b>	<i>None</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	