

**Report to: Audit and Governance Committee, 10th July 2024**

**Report of: Head of Finance**

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**Subject: EXTERNAL AUDIT PROGRESS – 2021/22 TO 2023/24**

## **1. Recommendation**

**That the Committee:**

- 1.1 notes the external auditor's progress and plans with the audits of the accounts for 2021/22 and 2022/23; and**
- 1.2 notes the appointment of the new auditor to commence with the audit for 2023/24.**

## **2. Background**

- 2.1 Following each financial year-end, the City Council is required to publish a draft set of annual accounts by 31 May and for the annual external audit to have been completed by 30 September. During the pandemic these deadlines were relaxed but for 2022/23 and subsequent years they have returned to the usual basis.

## **3. Information**

### **2021/22 and 2022/23 accounts and audit**

- 3.1 The draft 2021/22 and 2022/23 accounts have been published and are available on the City Council's website, albeit not in time for the deadlines of 31 July 2022 and 31 May 2023.
- 3.2 The statutory deadline for publishing the final audited accounts for 2021/22 was extended to 30 November 2022, whilst 2022/23 remained as 31 May 2023. Ernst Young, the Council's independent external auditors have carried out a limited amount of audit work on these accounts including a high-level review of the key statements and focussing on the aspects of Governance and Value for Money.
- 3.3 Nationally there is a backlog of councils' annual accounts waiting to be audited. On 8 February 2024 the Government issued a four-week consultation on proposed legislative changes. These would allow auditors to issue a modified audit opinion on the outstanding accounts for 2021/22 and 2022/23. The outcome of this consultation has not yet been published.

#### **4. Appointment of new Auditor**

- 4.1 The Public Sector Audit Appointments body appointed by the Government awarded Azets Audit Services a 5-year contract for the audit of Worcester City Council. This begins with the audit of the accounts for 2023/24. Azets is a UK top 10 audit, accounting and business advisory firm, with an office in Worcester. The firm provides external audit, internal audit and other assurance services across the public sector and has extensive experience of auditing large Scottish councils on behalf of the Accounts Commission.
- 4.2 Azets completed the planning and interim audit work in February 2024. The final audit is planned to take place in September 2024 and the signed audited accounts to be available by 30 November 2024. However, this will be after the current statutory deadline of 30 September 2024. There are no penalties for missing the deadline and the auditors do not have sufficient resources to complete the audit any earlier. The Government consultation noted above (in para 3.3) includes a proposal to revise this deadline to 31 May 2025.

**Ward(s):** All  
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**Background Papers:** None