



Title of report: 2024/25 Financial Statement Audit Progress

Meeting: Audit and Governance Committee

Meeting date: Tuesday 15 July 2025

Report by: Director of Finance, Chief Accountant

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To report progress on the external audit of the council's 2024/25 draft financial statements.

Recommendation(s)

That:

- a) **Progress of the external audit of the draft financial statements for the year ended 31 March 2025 be noted.**

Alternative options

1. There are no alternative options. The Local Audit and Accountability Act 2014 requires the council to produce a Statement of Accounts in accordance with the Accounts and Audit Regulations 2015 (as amended), which are subject to audit by the council's external auditors.

Key considerations

2. The council is required to prepare an annual Statement of Accounts and to arrange for them to be audited and reported in accordance with the Accounts and Audit Regulation 2015 (as amended) and the 2024/25 Code of Practice on Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Statement of Accounts presents the overall financial position of the council and comprises: a narrative report and annual governance statement, comprehensive income and expenditure

statement, balance sheet, movement in reserves statement, cash flow statement, collection fund statement, group accounts and supporting notes.

3. The council prepared the draft Statement of Accounts for 2024/25 and published them on 30 May 2025, one month ahead of the statutory deadline and provided accounts to the external auditors on this date.
4. The external audit of the financial statements started in the first week of June. Grant Thornton have committed to completing the audit to present the Audit Findings Report and opinion for 2024/25 to this Committee on 25 September 2025, in advance of the statutory deadline of 27 February 2026.
5. The council's Finance Team has worked with the external auditors to provide detailed working papers, evidence for sample testing and explanations to support management judgements and accounting estimates for transactions and balances reported in the financial statements for the year ended 31 March 2025. The council's Finance Team has responded to requests promptly and with high quality working papers.
6. Grant Thornton's sector update refers to a new accounting standard that was implemented from 1 April 2024; IFRS 16 Leases and indicates potential audit challenges. The impact of IFRS 16 is to create a right of use asset and a lease liability on the balance sheet, instead of charging the lease payments to the comprehensive income and expenditure statement. The impact on the 2024/25 draft Statement of Accounts of the new accounting standard is not material in respect of right of use assets, and the note in the Statement of Accounts reflects this assessment.
7. Progress has been made in line with the external audit plan with no material errors in the accounts noted to date.

Community impact

8. The audit of the Statement of Accounts in accordance with statutory requirements helps the council to achieve its code of corporate governance commitment to behave with integrity, demonstrate strong commitment to ethical values, and respect the rule of law. The council is accountable for how it uses the resources under its stewardship, including accountability for outputs and outcomes achieved. In addition, the council has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies.

Environmental Impact

9. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
10. Whilst this is a progress report on back-office functions and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the Council's Environmental Policy. For example, the external audit will be mostly completed remotely, reducing travel impact and paper usage.

Equality duty

11. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
12. The mandatory equality impact screening checklist has been completed for this activity and it has been found to have no impact for equality.

Resource implications

13. There are no new resource implications from this report.

Legal implications

14. The Accounts and Audit Regulations 2015 (as amended) (the Regulations) requires the council to produce and publish an annual statement of accounts in accordance with the Regulations.
15. The Local Audit and Accountability Act 2014 outlines the general powers and duties of the auditor. Part 5, s20 of The Local Audit and Accountability Act 2014 details the duties of the auditor as follows:

(1) In auditing the accounts of a relevant authority other than a health service body, a local auditor must, by examination of the accounts and otherwise, be satisfied—

(a) that the accounts comply with the requirements of the enactments that apply to them,

(b) that proper practices have been observed in the preparation of the statement of accounts, and that the statement presents a true and fair view, and

(c) that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Risk management

16. The council is required to make arrangements for the proper administration of its financial affairs and to secure that the Chief Financial Officer has the responsibility for the administration of those affairs. The council is also required to secure economic, efficient and effective use of resources on which Grant Thornton provide a value for money opinion.

Consultees

17. None

Appendices

Appendix A: Grant Thornton – Audit progress report and sector updates

Background papers

None identified