

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

**AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 4
JUNE 2025**



Title of Report	STATEMENT OF ACCOUNTS 2023/24 UPDATE	
Presented by	Anna Crouch Head of Finance	
Background Papers	Statement of Accounts Update - Council 5 November 2024 Statement of Accounts Update - Council 22 February 2024 Statement of Accounts - Audit and Governance Committee 5 February 2025	Public Report: Yes
Financial Implications	There are no financial implications arising from this report.	
	Signed off by the Section 151 Officer: yes	
Legal Implications	The Accounts and Audit Regulations 2015, along with their subsequent amendments, set out detailed requirements for the preparation, approval, and publication of financial statements by local authorities and other relevant bodies in England.	
	Signed off by the Monitoring Officer: yes	
Staffing and Corporate Implications	There are no staffing or corporate implications arising from this report.	
	Signed off by the Head of Paid Service: yes	
Purpose of Report	To provide the Committee with an update in respect of the Council's Statement of Accounts 2023/24.	
Recommendations	THAT AUDIT AND GOVERNANCE COMMITTEE: 1) NOTES THE UPDATE ON THE COUNCIL'S STATEMENT OF ACCOUNTS FOR 2023/24. 2) RECOGNISES AND ENDORSES THE STEPS BEING TAKEN BY THE DIRECTOR OF RESOURCES TO RESOLVE THE DELAYS TO THE PUBLICATION OF THESE ACCOUNTS.	

1.0 BACKGROUND

- 1.1 Reports were considered by Council on 22 February 2024 and 5 November 2024, and Audit and Governance Committee on 5 February 2025, which provided details of the Government's proposals for addressing the audit backlog, as well as outlining the Council's position in respect of its Statement of Accounts. Additionally, the Director of Resources provided a verbal update to this Committee on 23 April 2025. At that meeting, Members of the Committee requested that the Director of Resources provide a written update.
- 1.2 In the February 2025 report to this Committee, it noted that the Council had informed the Ministry for Housing, Communities and Local Government that it would not be able to meet the backstop date of 28 February 2025 for publishing the Statement of Accounts for 2023/24.
- 1.3 Regulation 9A (6) of the Accounts and Audit Regulations 2015, as recently amended, sets out the requirements for any (non-exempt) body that does not comply with a backstop date. These requirements include publishing an explanation, sending a copy of this to the Secretary of State and publishing audited accounts as soon as practicable. The Government intends to publish a list of bodies and auditors that do not meet the backstop dates, which will make clear where unaudited (draft) accounts have also not been published.
- 1.4 On 2 May 2025, a letter was received from the Ministry of Housing, Communities and Local Government (MHCLG) confirming its intention to publish a list of bodies, in May 2025, that did not publish audited 2023/24 accounts by 28 February 2025. A copy of this letter is attached at Appendix One.
- 1.5 The Council has published the reasons on its website setting out why it has been unable to publish its accounts, in compliance with current regulations.

2.0 ADDRESSING THE BACKLOG

- 2.1 In previous reports, the Council has set out the reasons for being unable to publish timely accounts which include the challenges of implementing a new finance system and recruitment and retention to key posts within the finance team.
- 2.2 In response to these challenges, the Council has implemented several measures to ensure the timely publication of its Statement of Accounts. In March 2025, the Council enlisted the expertise of the Chartered Institute of Public Finance and Accountancy (CIPFA). The primary focus has been on reviewing and enhancing systems and processes within the Exchequer function. CIPFA colleagues have collaborated with Council staff and partners to address ongoing issues with the finance system. Additionally, they have assisted in developing job descriptions for key positions, which are currently being advertised.
- 2.3 There has been a significant focus on the bank reconciliation process, particularly because the new finance system has not been able to automate this task since its implementation. This has necessitated a thorough review and manual intervention to ensure accuracy and timeliness in reconciling transactions. The Council, with the assistance of CIPFA, is working diligently to address these issues and streamline the reconciliation process.
- 2.4 Additionally, the Council has engaged with the finance system implementation partner, Embridge, to address several long-standing issues. The focus has been on three key

priorities: automating the bank reconciliation process, resolving direct debit issues, and ensuring the automated invoice processing system is fully functional. Both parties are committed to prioritising these matters, although progress has been hampered by persistent system bugs.

- 2.5 To manage and monitor these efforts, a project board has been established. Furthermore, an additional third party with expertise in Unit 4 has been brought in to work alongside Embridge. The Council has also appointed a temporary project manager to oversee these enhancements. Several other third-party finance systems, which integrate with the main finance system, are also under review. These systems are crucial for various functions, such as enabling customers to make payments by debit or credit card.
- 2.6 Furthermore, due to the Council's challenges in recruiting for key positions and advancing the closedown process swiftly, third-party support has been enlisted to assist with critical reconciliations. An agreement is currently being finalised, and the Head of Finance will provide a verbal update at the meeting.
- 2.7 The Council remains in close communication with its external auditors, Azets. During a meeting in May, an indicative timetable for the publication of the Statement of Accounts for 2023/24 and 2024/25 was agreed upon, with the dates set for August 2025 and November 2025, respectively, subject to agreement from Azets.

Policies and other considerations, as appropriate	
Council Priorities:	- A Well-Run Council
Policy Considerations:	None.
Safeguarding:	None.
Equalities/Diversity:	None.
Customer Impact:	None.
Economic and Social Impact:	None.
Environment, Climate Change and Zero Carbon	None.
Consultation/Community/Tenant Engagement:	The Council has responded to Government consultations in respect of backstop dates and the recent consultation in respect of the Government's Local Audit Strategy.
Risks:	<ul style="list-style-type: none"> - Loss of public trust and confidence in the Council's financial management and governance. - Reduced transparency and accountability to the Council's stakeholders, including taxpayers, service users, creditors, grant providers and regulators. - Increased scrutiny and intervention from external bodies, such as the Department for Levelling Up, Housing and Communities and Local Government, the National Audit Office, the Local Government Association and the Public Sector Audit

	<p>Appointments.</p> <ul style="list-style-type: none"> - Potential legal challenges or claims from aggrieved parties who may rely on the accuracy and timeliness of the financial information in the Statement of Accounts. - Additional costs and resources required to resolve the audit issues and complete the audit process.
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