



Audit & Standards Advisory Committee

16 June 2025

Report from the Corporate Director of Finance & Resources

**Lead Member – Deputy Leader & Cabinet Member for Finance, Resources & Reform
(Councillor Mili Patel)**

Update on 2024-25 Statement of Accounts

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	N/A
Background Papers:	N/A
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel Corporate Director of Finance & Resources 020 8937 6528 Email: Minesh.Patel@brent.gov.uk

1.0 Purpose of the Report

1.1 This report provides an update on the statement of accounts for 2024/25.

2.0 Recommendation(s)

2.1 To note the delay in publishing the statement of accounts for 2024/25.

3.0 Contribution to Borough Plan Priorities and Strategic Context

3.1 The statement of accounts is the formal audited accounts of the Council. The purpose of the statement of accounts is to give clear information on the Council's overall finances and demonstrate stewardship of public money for the year. Being able to independently demonstrate that the Council's financial affairs are sound, will ensure the Council can achieve its Borough Plan priorities and objectives.

Detail

- 3.2 The Accounts and Audit (Amendment) Regulation 2024 came into force on 30 September 2024. These amended regulations extended the publication of final audited accounts to 27 February 2026 for 2024/25 accounts and require the draft accounts to be published by the 30 June 2025. These regulations have been approved in order to clear the national backlog of local authority audits.
- 3.3 The Audit & Standards Advisory Committee received an update on the preparation of the 2024/25 statement of accounts at the 25 March 2025 meeting. This report set out that the significant issues that will impact on the 2024/25 accounts are:
- the implementation of lessons learned from the 2023/24 accounts in relation to the accounting for assets and valuations, and
 - the adoption of IFRS 16, where the new standard requires changes for most leases to be recognised on the balance sheet impacting both assets and liabilities.
- 3.4 In relation to assets and valuations, this was a significant concern for the 2023/24 audit and caused a delay in signing off the accounts. As part of the preparation for the 2024/25 accounts, a number of cross council working groups were set up to work collaboratively across services (Housing, Regeneration, Property, Legal and Finance) to address the issues raised, ensure services hold accurate information on the assets they are responsible for to enable accurate valuations, and ensure the asset register reconciles to these valuations. For information there are over 15,000 assets across property, housing and regeneration covering additions, disposals and assets under construction.
- 3.5 There is a dedicated resource supporting this project, working across relevant service areas to collect the information required and engage with the valuers. Unfortunately, this has created a lot of extra work for the finance team and service areas and there have been some delays in validating all of the data required to ensure accurate valuations. The impact of this has resulted in a three week delay on the original timetable.
- 3.6 While significant progress has been made, further refinements and developments are expected to continue beyond year-end as Council-wide processes become more robust and consistently applied. There remains a risk that some residual issues may arise as part of ongoing efforts to ensure consistent practices and high-quality data across services.
- 3.7 Furthermore, the adoption of IFRS 16 represents a significant change for the 2024/25 financial statements. Under this standard, the distinction between operating and finance leases is removed for lessees. Instead, lessees are required to recognise nearly all leases on their balance sheet as a 'right-of-use' asset and a corresponding lease liability, reflecting the obligation to make lease payments.

- 3.8 Similar to assets and valuations, there is a dedicated resource supporting this project, working with legal and relevant service areas to review over 1,000 lease contracts. To date, Grant Thornton has held two review meetings with the finance team and has expressed satisfaction with the progress made. However, the scale and complexity of the task has resulted in a significant additional workload. This has led to some delays in validating the data required by valuers and in processing the necessary accounting adjustments to the financial statements, which remains a substantial undertaking.
- 3.9 Overall, as a result of these delays and to recognise the importance of undertaking a comprehensive review of the accounts before they are published, it is proposed to delay publication of the accounts by three weeks, from 30 June 2025 to 18 July 2025.
- 3.10 Officers have discussed the revised publication date with Grant Thornton and we will be putting a plan in place to audit those sections of the accounts that are completed and ready for audit in order to limit the impact on the overall audit timetable.
- 3.11 According to the Accounts and Audit (Amendment) Regulation 2024, if a local authority misses the deadline they are required to publish a notice on their website explaining the reasons for the delay and send the notice to the Secretary of State.
- 3.12 Based on the amended deadlines, the Council's key dates on the timetable for the production of the accounts for 2024/25 are shown below.

Action	Amended Date
Unaudited accounts, Narrative Report & Annual Governance Statement	18 July 2025
Public Inspection of Draft Accounts	18 July – 29 August 2025
External Audit of the Councils Accounts	July -September 2025
Audited accounts, Narrative Report & Annual Governance Statement	25 September 2025
Value for Money audit	25 September 2025

Accounts and Audit Regulations 2015 – Local elector rights

- 3.13 The Local Audit and Accountability Act 2014 confers on local electors the right to inspect the accounting records, books, deeds, vouchers, contracts, bills and other documentation relating to the financial year in question. It also gives them the right to question the auditor about the accounting records or make a formal objection on a matter of public interest or because they think an item of account may be unlawful.
- 3.14 Under the Accounts and Audit Regulations 2015, local electors can only exercise their rights of inspection and to question the auditor or make formal

objections for a single period of 30 working days commencing the day after the unaudited accounts have been published.

- 3.15 As accountability to the local electorate is an important part of the governance of the Council, notice of the inspection period will be advertised on the Council's website in advance of the unaudited financial statements being published.
- 3.16 A further consideration is that in order for the inspection period to commence, the Annual Governance Statement and Narrative Report (introduced by the Accounts and Audit Regulations 2015) will need to be published alongside the Council's unaudited financial statements on the Council's website. The timetable for preparing the Annual Governance Statement and Narrative Report is therefore being co-ordinated with the publication of the draft unaudited Statement of Accounts to meet this requirement.

4.0 Stakeholder and ward member consultation and engagement

- 4.1 There are no direct considerations arising out of this report.

5.0 Financial Consideration

- 5.1 There are no financial implications arising as result of this report.

6.0 Legal Considerations

- 6.1 The Accounts and Audit Regulations includes a deadline for the council to prepare the Statement of Accounts and submit these to their external auditors for review. Currently, this deadline is 30th June 2025. It is considered good practice for these unaudited accounts to be discussed at the Audit Committee. Councils usually publish the unaudited accounts on their website and so it is important that they are as complete and user-friendly as possible. The theory is that there should be few, if any, amendments required as part of the audit process.
- 6.2 This publication starts a formal 30-day period where local electors have the right to inspect the accounting records (including detailed transactional documentation) and to question the auditor or make formal objections on a matter of public interest or to report to the auditor if they consider that any item of account is unlawful. This effectively starts the external audit process.
- 6.3 Where the Councils is not able to publish the unaudited accounts on or as soon as reasonably practicable after the last publication date, publish a notice stating:
- (i) that it has not been able to publish its unaudited accounts,
 - (ii) its reasons for this,
 - (iii) that it acknowledges that it must publish its unaudited accounts as soon as reasonably practicable, and
 - (iv) on or as soon as reasonably practicable after the deadline, send a copy of the notice to the Secretary of State.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 Not applicable.

8.0 Climate Change and Environmental Considerations

8.1 Not applicable.

9.0 Human Resources/Property Considerations

9.1 Not applicable.

10.0 Communication Considerations

10.1 Not applicable

Report sign off:

Minesh Patel

Corporate Director of Finance &
Resources