

Agenda Item

Subject	Approval of Statement of Accounts 2024/25	Status	For Publication
Report to	Audit & Governance Committee	Date	02 October 2025
Report of	Chief Finance Officer		
Equality Impact Assessment	Not Required	Attached	n/a
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1 Purpose of the Report

- 1.1 To approve the audited Statement of Accounts 2024/25.
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2 Recommendations

- 2.1 Members are recommended to:
- a. **Approve the Statement of Accounts 2024/25;**
 - b. **Authorise the Chair of the Audit & Governance Committee to sign the final, audited Statement of Accounts on behalf of the Authority, including in the event of any material substantive changes required following the audit completion.**
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3 Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objectives:

Effective and Transparent Governance

to uphold effective governance showing prudence and propriety at all times.

- 3.2 The approval and publication of the Statement of Accounts enables the Authority to demonstrate the proper administration of its financial affairs and the effective use of its resources.
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4 Implications for the Corporate Risk Register

- 4.1 The actions outlined in this report address the risk identified in the Corporate Risk Register that the Authority fails to meet specific regulatory requirements.

5 Background and Options

- 5.1 Regulation 9 (2) of the Accounts and Audit Regulations 2015 requires the Statement of Accounts to be approved by a resolution of a Committee of the Authority.
- 5.2 The Authority has designated the Audit & Governance Committee as the committee to approve the Statement of Accounts.

Statutory Deadlines for Publication of Accounts

- 5.3 The deadline for publication of the draft, unaudited statement of accounts for 2024/25 was 30 June and the Authority met this deadline.
- 5.4 The Accounts and Audit Regulations 2015 as amended set deadlines for publication of audited Statement of Accounts of 27 February 2026 for the year 2024/25. The previous deadline had been 30 September for the financial years commencing 2022 to 2027, the extended deadline has been implemented to help with local audit backlogs; future years are as follows:
- 2025/26 audited Statement of Accounts 31 January 2027
 - 2026/27 audited Statement of Accounts 30 November 2027
 - 2027/28 audited Statement of Accounts 30 November 2028
- 5.5 The Authority has not historically been directly affected by the backlog issues and has maintained its aim of publishing the audited statement of accounts in line with the previous 30 September deadline. Last year was the first year with KPMG as new external auditors and there were some areas of the work that understandably took more time as a result. Nevertheless, the audited accounts were published on 20 November 2024, remaining well in advance of the 28 February statutory deadline for 2023/24 accounts.
- 5.6 The timetable for the production of the 2024/25 Statement of Accounts and audit completion was 02 October 2025, aligning with this Committee meeting. At the time of writing the majority of the substantive audit work has been completed. The auditor's report is elsewhere on the Committee's agenda and the auditor will update the Committee on the status of their audit progress.
- 5.7 The Committee is therefore requested to approve the audited Statement of Accounts as presented at Appendix A. As the audit work is not yet fully complete, the Committee are also requested to authorise the Chair to agree (in consultation with the Chief Finance Officer) any further substantive changes arising from the audit and sign the fully audited Statement of Accounts on behalf of the Authority.

Statement of Accounts

- 5.8 The accounts have been prepared following the "Code of Practice on Local Authority Accounting in the United Kingdom 2024/25" issued by the Chartered Institute of Public Finance and Accountancy (the Code).
- 5.9 The Code constitutes the "proper accounting practices" required by Section 21(2) of the Local Government Act 2003 and deviations from it will usually lead to a qualified audit opinion. The Authority is required to prepare a Statement of Accounts in compliance with the Accounts and Audit Regulations made under Section 32 of the Local Audit and Accountability Act 2014 and therefore has a statutory duty to comply with the Code requirements.
- 5.10 In accordance with Section 26 of the Local Audit and Accountability Act 2014 the accounts were open to public inspection and for objections or questions from local electors for 30 days and no objections or questions from local electors were received.
- 5.11 The accounts are subject to audit by KPMG LLP who is the auditor appointed by Public Sector Audit Appointments Limited. KPMG LLP has conducted its audit and prepared their audit status report in accordance with *International Standards on Auditing (United Kingdom and Ireland) 260 - Communication to those charged with governance*, which is elsewhere on the agenda.

- 5.12 The Statement of Accounts comprises the accounts of the Authority itself as an organisation, in addition to the accounts of the Pension Fund for the year (the Fund accounts).
- 5.13 During the course of the audit, a small number of amendments to the accounts were agreed as set out below. The amended, audited Statement of Accounts is attached as Appendix A to this report.

Amendments to the Accounts

5.14 Authority and Fund Accounts – Accounting Policies

- 5.15 Note 2a to the Authority accounts provides details of all the Authority accounting policies. Due to the nature of the Authority, we have not historically received grant income, however as part of the audit backlog rectification measures, the Government confirmed the Authority was entitled to grants for the years 2022/23 - 2024/25. A new accounting policy has been created to cover the treatment of grant income.
- 5.16 Note 3 to the Fund accounts provides details of the significant Fund accounting policies. The Fund's policies have had the following specific items added:
- Contribution income – the funding position has led to a number of employers leaving with exit credits, rather than being in deficit. The exit credits for terminating employers are determined by the actuary, these credits are offset against contributions income.
 - Investment income – the Fund reinvests a portion of income with Border to Coast Pensions Partnership. Previously the Fund did not have an accounting policy which made this treatment clear.

Authority Accounts – Pensions

- 5.17 Within the disclosure note for the Authority's share of the assets and liabilities of the Pension Fund, a reconciliation of the movement during the year is provided, which includes cashflows such as contributions received and benefits paid in respect of the Authority's employees and former employees.
- 5.18 These figures are provided from the Fund's actuary who uses the actual cashflows for the valuation year (every 3 years), and rolls this forward each year thereafter as an estimate – which generally ensures figures are materially correct. However, for this year's accounts, there was a material difference between the estimate of benefits paid on this basis (£770k) and the actual benefits paid in the year (£1,281k). This was due to a combination of factors such as this being the second year of rolling forward the estimate, the actual experience of retirements in year and the relatively low materiality threshold for the Authority as a small organisation.
- 5.19 As the difference is material, the figures in the disclosure note have been amended. The benefits paid figure increases the liabilities as well as reducing the assets – so the net effect of this difference on the total charged to the Comprehensive Income and Expenditure Statement is nil. There was a minor change to the Authority asset before the asset ceiling was applied, as the asset ceiling is set at £0 there was also no impact on the Balance Sheet or Movement in Reserves Statement.
- 5.20 To ensure that this is not an issue in future years, the finance team have requested that the actuary uses actual cashflow figures when producing the results schedule for the Authority in each year going forward.

Fund Accounts – Investment Asset Classification

- 5.21 Note 14b to the Fund accounts provides a reconciliation of the investment movements through the year. During the audit it was discovered that we had incorrectly classified a number of asset purchases and sales as Private Credit rather than Pooled Investment Vehicles.

- 5.22 The classification errors have been corrected by increasing Pooled Investment Vehicles Purchases by £26.7m, Sales by (£6.9m) and Changes In Market Value by (19.8m); reducing Private Credit Purchases by (£26.7m), Sales by £6.9m and Changes In Market Value by £19.8m. The nature of the classification means all the amendments net to nil within the same note.
- 5.23 The work on producing the figures for this note in future will be completed by the custodian, Northern Trust, and the team are satisfied that the controls in place within this arrangement are appropriate to prevent this type of error from recurring.

Fund Accounts – Investment Management Expenses

- 5.24 The investment management expenses disclosed within Note 11 have been increased by £180k due to a transposition error when producing the original working paper. The amendment has had a knock-on effect to the figures for sales and change in market value for Pooled Investments in Note 14b (Reconciliation of Investment Movements) and this has fed through to the Fund Account, where the increase in Investment Management Expenses is offset to nil by a reduction in the Changes In Market Value.
- 5.25 Again, following this error there have been no additional internal controls developed as the work will be completed by the Custodian Northern Trust moving forward.

Fund Accounts – Contractual Commitments

- 5.26 Note 25 to the Fund accounts provides information relating to the contractual investment commitments. Border to Coast Pensions Partnership is responsible for around 80% of the commitments disclosed within the note.
- 5.27 The source documents provided by Border to Coast Pensions Partnership that are used to collate the note have been changed to provide more accurate information. The impact of this change is an increase of £346m to the total commitments disclosed.

Fund – Events After the Reporting Period

- 5.28 Note 6 to the Fund accounts has been updated to reflect the non-adjusting events that have taken place after 31 March 2025, as they provide information that is relevant to an understanding of the Fund's financial position.

Minor Presentational Amendments

- 5.29 Throughout the Authority and Fund accounts, a small number of minor typographical and wording amendments have also been made.

6 Implications

- 6.1 The proposals outlined in this report have the following implications:

Financial	The Statement of Accounts sets out the financial position of the Authority at 31 March 2025 and its income and expenditure for the year then ended.
Human Resources	None
ICT	None
Legal	Approval of the 2024/25 Statement of Accounts will ensure compliance with the Accounts and Audit Regulations 2015 and the Accounts and Audit Regulations 2015 (as amended).
Procurement	None

Gillian Taberner

Chief Finance Officer

Background Papers	
Document	Place of Inspection
None	-