

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRATFORD-ON-AVON DISTRICT COUNCIL

Disclaimer of opinion

We were engaged to audit the financial statements of Stratford-on-Avon District Council ('the Council') for the year ended 31 March 2023. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement,
- the related notes 1 to 34 including a summary of significant accounting policies,
- Collection Fund and the related notes 1 to 4.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13 December 2024.

We completed the audit of the 2020/21 financial statements and issued our audit opinion on 5 May 2023. The audit of the 2021/22 financial statements for Stratford-on-Avon District Council was not completed for the reasons set out in our opinion on those financial statements dated 5 December 2024. The Council did not publish their draft 2022/23 Statement of Accounts until the 4 September 2024, compared to the statutory publication deadline of 31 May 2023, which is referred to in the value for money section of our report. This, combined with the backstop date and the wider requirements of the local audit system reset, meant we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit, performed subject to the pervasive limitation described above, or our knowledge of the Council.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)

we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)

We have nothing to report in these respects.

In respect of the following, we have matters to report by exception:

Report on the Council's proper arrangements for securing economy, efficiency and effectiveness in the use of resources

We report to you, if we are not satisfied that the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Authority's arrangements for the year ended 31 March 2023.

Significant weaknesses in arrangements

In relation to governance

Our judgement on the nature of the weakness identified:

The Council has experienced staff shortages and the need to prioritize available resources on budgeting and medium-term financial planning. This has impacted their ability to publish the draft 2021/22 and 2022/23 financial statements by the target date set by the Accounts and Audit Regulations 2015 (as amended).

The evidence on which our view is based:

- The Council published their draft 2022/23 financial statements for audit on the 4 September 2024, fifteen months after the date set within the Accounts and Audit Regulations 2015 (as amended).
- Council committee papers from 29 July and 23 September 2024 setting out continued delays and the Council's plans to catch up with the financial statements preparation and audit cycles.

The impact on the Council:

Failure to improve on the Council's processes to report financial information timely will impact its ability to meet statutory financial reporting deadlines and to restore timely financial reporting in accordance with the requirements of the Accounts and Audit Regulations 2015 (as amended)., as well as to make informed decisions and properly manage its risks.

The action the body needs to take to address the weakness:

The Council needs to continue to re-assess roles and responsibilities to ensure that there is a suitably resourced finance team who can meet all requirements regarding financial reporting, including an assessment of the support required from other functions within the organization for the financial reporting function to meet its objectives and to restore timely financial reporting in accordance with the requirements of the Accounts and Audit Regulations 2015 (as amended). Senior management should have escalation thresholds whereby if short-term resource gaps arise, consultants or short-term staff are acquired so that these processes can still be adhered to. Senior management and relevant departments should have KPI's for monitoring and tracking delivery of these requirements.

The issues above are evidence of weaknesses in proper arrangements for governance, including reliable and timely financial reporting to meet statutory reporting responsibilities.

Responsibility of the Head of Resources and S151 Officer

As explained more fully in the Statement of Responsibilities set out on page 13, the Head of Resources and S151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Head of Resources and S151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Head of Resources and S151 Officer is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to cease operations, or has no realistic alternative but to do so.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether Stratford-on-Avon District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Stratford-on-Avon District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Stratford-on-Avon District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Stratford-on-Avon District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Stratford-on-Avon District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Brittain
Ernst & Young LLP

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Andrew Brittain (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Reading
5 December 2024

Footnote:

The following footnote does not form part of our Auditor's Report.

Additional information related to the disclaimer of opinion is set out in our Audit Completion Report for Those Charged with Governance dated 2 December 2024, available on the Authority's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.