

**External Audit Update November 2020**

<b>Final Decision-Maker</b>	Audit, Governance and Standards Committee
<b>Lead Head of Service</b>	Mark Green, Director of Finance and Business Improvement
<b>Lead Officer and Report Author</b>	Ellie Dunnet, Head of Finance
<b>Classification</b>	Public
<b>Wards affected</b>	All

**Executive Summary**

These reports provide an update from the Council's external auditor, Grant Thornton regarding progress towards completion of the audit of the 2019/20 financial statements and value for money conclusion, and a sector update on some of the emerging national issues and developments that may impact on this Council.

**Purpose of Report**

These reports are for noting.

**This report makes the following recommendations to this Committee:**

1. That the updated Audit Findings Report attached at Appendix 1 be noted.
2. That the Audit Progress Report and Sector Update attached at Appendix 2 be noted.

**Timetable**

<b>Meeting</b>	<b>Date</b>
Audit, Governance and Standards Committee	16 November 2020

# External Audit Update November 2020

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	We do not expect the recommendations will by themselves materially affect achievement of corporate priorities. However, they will support the Council's overall achievement of its aims in demonstrating accountability and value for money.	Head of Finance
<b>Cross Cutting Objectives</b>	There is no specific implication, however sound financial management does support the delivery of the Council's cross cutting objectives.	Head of Finance
<b>Risk Management</b>	This is detailed within section 5.	Head of Finance
<b>Financial</b>	The Statement of Accounts provides an overview of income and expenditure for the financial year to 31 March 2020, and details the council's assets, liabilities and reserves at this date. The work of the external auditor provides independent assurance over this information.	Head of Finance
<b>Staffing</b>	None identified.	Head of Finance
<b>Legal</b>	Under section 151 of the Local Government Act (LGA) 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including advising on the corporate financial position and providing financial information. It is a function of the Audit, Governance and Standards Committee to review and approve the annual statement of accounts and to consider if appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Policy and Resources Committee or Council.	Team Leader (Corporate Governance), MKLS
<b>Privacy and Data Protection</b>	There are no specific privacy or data protection issues to address.	Team Leader (Corporate Governance), MKLS

<b>Equalities</b>	No implications identified.	Head of Finance
<b>Public Health</b>	No implications identified.	Head of Finance
<b>Crime and Disorder</b>	No implications identified.	Head of Finance
<b>Procurement</b>	No implications identified.	Head of Finance

## **2. INTRODUCTION AND BACKGROUND**

- 2.1 The Council is required to have its audited Statement of Accounts approved by the Audit, Governance and Standards Committee by 30 November 2020 in accordance with the amended Accounts & Audit Regulations.
- 2.2 The audited statement of accounts was approved by this committee at its last meeting on 14 September 2020. However, at that stage there were a number of areas of work outstanding and it was agreed that in the event of any further non-material changes being required to the Statement of Accounts, final approval be delegated to the Director of Finance and Business Improvement, in consultation with the Chair and Vice Chair of this committee.
- 2.3 The updated Audit Findings Report attached at Appendix 1 details the further work which has taken place since the committee meeting and the current status of external audit work in relation to 2019/20.
- 2.4 External audit work is now substantially complete and the anticipated outcome of this is an unqualified audit report opinion including an Emphasis of Matter paragraph, highlighting PPE valuation material uncertainties for both the Council property and their share of assets included in the IAS 19 pension fund actuarial position which arise from potential impacts of the Covid-19 pandemic on these figures.
- 2.5 Appendix 2 provides a summary of emerging national issues and developments that may be relevant to Maidstone and includes a number of challenge questions in respect of these emerging issues which the committee may wish to consider.

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## **3. AVAILABLE OPTIONS**

- 3.1 These reports are for information only and the committee is asked to note them.
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#### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

4.1 The committee is asked to note the reports attached as Appendices 1 and 2.

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#### **5. RISK**

5.1 This report is presented for information only and has no risk management implications.

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#### **6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

6.1 No consultation has been undertaken in relation to this agenda item.

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#### **7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

7.1 The external auditor is required to issue the audit opinion by 30 November. The external auditor is expected to present the Annual Audit Letter, which will effectively close the 2019/20 audit to this committee at its meeting in January.

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#### **8. REPORT APPENDICES**

- Appendix 1: Updated Audit Findings Report 2019/20
  - Appendix 2: Progress Report and Sector Update
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#### **9. BACKGROUND PAPERS**

None