

External Auditor's Progress Report and Sector Update

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

Executive Summary

The report from Grant Thornton, attached at Appendix 1 provides the committee with an update on progress with the audit of the 2020/21 financial statements and offers a summary of emerging national issues and developments of relevance to the local government sector.

Purpose of Report

Noting.

This report makes the following recommendations to this Committee:

1. That the external auditor's progress report and sector update, attached at Appendix 1 be noted.

Timetable

Meeting	Date
Audit, Governance and Standards Committee	17 January 2022

External Auditor's Progress Report and Sector Update

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	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.	Director of Finance and Business Improvement
Cross Cutting Objectives	There is no specific implication, however sound financial management does support the delivery of the Council's cross cutting objectives.	Director of Finance and Business Improvement
Risk Management	This is detailed within section 5.	Director of Finance and Business Improvement
Financial	The Statement of Accounts provides an overview of income and expenditure for the financial year to 31 March 2021, and details the council's assets, liabilities and reserves at this date. The work of the external auditor aims to provide independent assurance over this document.	Director of Finance and Business Improvement
Staffing	No implications identified.	Director of Finance and Business Improvement
Legal	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	Director of Finance and Business Improvement

	financial statements or from the audit that need to be brought to the attention of the Policy and Resources Committee or Council.	
Privacy and Data Protection	No implications identified.	Director of Finance and Business Improvement
Equalities	No implications identified.	Director of Finance and Business Improvement
Public Health	No implications identified.	Director of Finance and Business Improvement
Crime and Disorder	No implications identified.	Director of Finance and Business Improvement
Procurement	No implications identified.	Director of Finance and Business Improvement
Biodiversity and Climate Change	The implications of this report on biodiversity and climate change have been considered and there are no direct implications on biodiversity and climate change.	Director of Finance and Business Improvement

2. INTRODUCTION AND BACKGROUND

- 2.1 Committee members are invited to consider the report of the external auditor which provides an update on progress with the audit of the 2020/21 financial statements and offers a summary of emerging national issues and developments of relevance to the local government sector. Representatives from Grant Thornton will be in attendance at the meeting to present their report and respond to questions.
- 2.2 In accordance with Accounts and Audit Regulations, the Council was required to have its audited Statement of Accounts for the 2020/21 financial year approved by the Audit, Governance and Standards Committee by 30 September 2021.
- 2.3 The draft financial statements were prepared by the finance team and presented to the committee at its meeting in July, with audit fieldwork

commencing in late August. An updated version of the statements was then presented to the committee at its meeting in September. At this time, Grant Thornton advised that insufficient work had been completed to issue an audit opinion by the statutory deadline of 30 September, but that they anticipated that outstanding work would be completed during October 2021. The committee agreed at this meeting to defer the approval of the accounts until its November meeting, in order to ensure that this decision could be taken with reference to the audit findings.

- 2.4 Subsequently, the updated Statement of Accounts and Grant Thornton's Audit Findings Report were presented to the committee in November. At this time, some further adjustments relating to the capital accounting entries were anticipated, and the committee approved the accounts subject to the satisfactory resolution of these issues by the Director of Finance and Business Improvement in consultation with the Chairman of the Committee. A draft unqualified audit opinion was presented with the audit findings and at this time, it was hoped that the opinion would be formally issued shortly after the meeting.
- 2.5 Disappointingly, work to conclude the 2020/21 audit is still yet to be finalised. Officers have provided updated financial statements, and Grant Thornton have advised that they expect to be in a position to issue the audit opinion by 31 January. Appendix 1 provides further information regarding the status of the audit, and some wider information concerning the national picture for the local government sector. Officers are maintaining regular liaison with the audit team to ensure that the 2020/21 financial statements audit can be concluded as soon as possible.

3. AVAILABLE OPTIONS

- 3.1 Committee members are asked to note the external auditor's report attached at Appendix 1.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The report is for noting only. It is recommended that the committee takes time to consider this as it supports the discharging of responsibilities in relation to the statutory accounts and audit.

5. RISK

- 5.1 Risks have been considered with reference to the Council's risk management framework, and are considered to be within acceptable levels.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 Members of the public have legal rights to inspect, ask questions about and challenge items in the Council's accounts. Details of this have been

published on the Council's website and the statutory period ended on 10 September. One enquiry was received regarding Covid Grants and rent deferrals, and this has been dealt with.

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 The external auditor has advised that they anticipate finalising the audit of the financial statements 31 January 2022.
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8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix 1: External Auditor's Progress Report & Sector Update.
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9. BACKGROUND PAPERS

None