

## AUDIT AND STANDARDS COMMITTEE

7 March 2022

<b>Title:</b> Accounts Audit Update - 2019/20	
<b>Report of the Chief Financial Officer</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
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<b>Accountable Director:</b> Philip Gregory, Chief Financial Officer (Section 151 Officer)	
<b>Accountable Strategic Leadership Director:</b> Philip Gregory, Chief Financial Officer (Section 151 Officer)	
<b>Summary</b>  This report is to note an update regarding the external audit of the Council's Statement of Accounts 2019/20 as well as these of the subsidiaries.	
<b>Recommendation(s)</b>  The Audit and Standards Committee is recommended to note the contents of this report.	
<b>Reason(s)</b>  It is a statutory obligation for the Council's Statement of Accounts to be produced and audited, and that the Statement of Accounts and the Annual Governance Statement must be approved by a Committee of the Council	

### 1. Introduction and Background

- 1.1 The external audit of the Council's Statement of Accounts 2019/20 is still ongoing at the time of this report. The Council is keen to sign off the 2019/20 accounts by no later than end of March 2022.
- 1.2 BDO has come across an issue relating to infrastructure assets which meant they will not be issuing an audit opinion unless this issue is resolved. This issue also applies to other authorities i.e. not limited to this Council.
- 1.3 The audit fieldwork is very close to being concluded. At this time of report, an extended sample set of 20 assets for existence testing has been requested. The Council is working hard to turn this around.

- 1.4 BDO has opted not to issue a draft ISA260 report at this stage. As a result, this poses a risk to our end March 2022 deadline for the opinion signing. The Council will work with BDO to try and deliver the opinion as soon as practically possible.
- 1.5 Due to the forthcoming ERP replacement, Monday 28<sup>th</sup> February 2022 will be the last date possible for the Council to process the audit adjustments. It is expected that all adjustments will be processed on the ledger. Any further adjustments will then need to be made off ledger on a manual basis i.e. on a spreadsheet with clear reference to the 2019/20 Trial Balance.
- 1.6 The Council is targeting week commencing 7<sup>th</sup> March 2022 for the updated set of accounts including that of the Council's Group Accounts.
- 1.7 In terms of subsidiaries accounts (2020/21), there have been some delays to both Weavers LLP and BD Giving charity. Signing of these accounts will now take place during the week commencing 7<sup>th</sup> March 2022. Four other entities are still subject to audit.
- 1.8 An update by the external auditors, BDO, will be provided at this meeting. This will include an outline of the planned steps over the next couple of weeks.

## **2. Financial Implications**

*Implications completed by: Thomas Mulloy, Chief Accountant*

- 2.1 Other than the audit fees previously mentioned in the Audit Plan, there are no financial implications arising from the report.

## **3. Legal Implications**

*Implications completed by: Dr Paul Feild, Senior Governance Lawyer*

- 3.1 The Chief Financial Officer has a statutory duty, under Section 151 of the Local Government Act 1972, to ensure that there are proper arrangements in place to administer the Council's financial affairs. An essential component of sound administration is a sound audit function.
- 3.2 The Local Audit and Accountability Act 2014, established a new audit regime. Local Authorities must appoint a local auditor which in carrying out its' role must be satisfied that the authority has:
  - made proper arrangements for securing economy, efficiency and effectiveness in its use of resources';
  - in its accounts comply with the requirements of the enactments that apply to them; and
  - observed proper practices in the preparation of the statement of accounts; and that the statement presents a true and fair view.
- 3.3 This is supported by the Code of Audit Practice, published by the NAO, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the

auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

**Public Background Papers Used in the Preparation of the Report: None**