

# Operational Decision Record

Publication Date 16 September 2024	Decision Reference Number 5171
<b>Decision Title</b>	
External audit opinion 2019/20	
<b>Decision Value</b>	
Nil	
<b>Revenue or Capital Spend?</b>	
Revenue	
<b>Spend Control Approval</b>	
Has the spend been approved by Spend Control Board? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> n/a Spend Control Board approval reference number:	
<b>Department</b>	
Finance & Resources	
<b>Contact Officer (Name, job title, and contact details)</b>	
Glenn Hammons Interim Assistant Director Technical Finance <a href="mailto:glenn.hammons@nottinghamcity.gov.uk">glenn.hammons@nottinghamcity.gov.uk</a>	
<b>Decision Taken</b>	
To consent with the 'backstop audit opinion' approach set out by Grant Thornton for their external audit opinion for 2019/20	
<b>Reasons for Decision and Background Information</b>	
<p>The Council has been in extensive discussions with Grant Thornton, its external auditor, regarding the conclusion of the 2019/20 audit and the proposed backstop dates announced by Government. Grant Thornton have outlined two options to the Council for concluding the 2019/20 Accounts audit:</p> <p><u>Option 1: To provide a full audit opinion</u></p> <p>Grant Thornton have advised the Council that to provide a full audit opinion on the 2019/20 Statement of Accounts they would be required to undertake further audit work to enable them to be provided with the required level of assurance on the figures in the draft Accounts. They have advised this approach would take additional time, cost the Council more money, place at significant risk the achievement of the proposed backstop date for the 2019/20 Accounts and have an adverse impact on their time available to undertake the audit of the 2023/24 accounts. Grant Thornton</p>	

have indicated their full audit opinion would include a 'disclaimer' given the historic issues the Council has faced with its financial control and governance environment.

This option would also have an impact on the Council's staff time as they would be required to respond to additional queries raised by Grant Thornton. This would have an impact on the Council achieving the backstop date for the 2020/21, 2021/22 and 2022/23 accounts, as well as lead to delays in the production of the draft Accounts for 2023/24.

#### Option 2: To provide a 'backstop' audit opinion

Grant Thornton also set out an alternative approach for the 2019/20 audit opinion which would be to provide a 'backstop audit opinion'. This approach would involve minimal time for Grant Thornton, not cost the Council any more money and assist in meeting the proposed backstop dates.

This option would have minimal impact on the Council's staff time. Thus, enabling the proposed backstop dates to be achieved for the 2020/21, 2021/22 and 2022/23 accounts, as well produce the 2023/24 accounts on a timely basis for external audit.

In line with the Council's Constitution an Officer Decision is to be taken by the Corporate Director for Finance & Resources and Section 151 Officer that the Council would consent to the 'backstop audit opinion' (Option 2) approach for 2019/20 set out by Grant Thornton. This decision is taken in consultation with the Best Value Finance Commissioner and the Chair of Audit Committee. On balance it was considered this approach provides the Council and local tax payers with the optimum value for money way forward as:

- it doesn't require additional cost,
- it provides maximum opportunity for the Council to meet the proposed Government backstop dates for 2019/20 and other years of outstanding accounts,
- it gives the maximum amount of time for the 2023/24 audit to be undertaken by Grant Thornton,
- the external audit opinion indicated by Grant Thornton in either option would be similar, and provide a 'disclaimed' opinion.

Grant Thornton have confirmed that a substantial amount of work has been done on their audit of the 2019/20 accounts. They will be providing a report on their findings of the work to date which will provide valuable insight for the Council into closing future years accounts. This report would be available to the members of the Audit Committee.

#### **Other Options Considered and why these were rejected**

The other option considered was to progress with a full external audit opinion (Option 1) for 2019/20 as outlined above. This option was rejected as it would cost the Council additional money, put at risk the achievement of the proposed backstop date for the 2019/20 accounts, put at risk achievement of the proposed backstop dates the other years of outstanding accounts, delay the Council in publishing the draft 2023/24 accounts and reducing the time available for Grant

Thornton to audit the 2023/24 accounts. This option was not considered value for money.

**Reasons why this decision is classified as operational**

The decision is classified as operational as it is not covered elsewhere within the Council's Constitution or the Terms of Reference of any formally constituted body in the Council. Therefore, it is considered the most appropriate way to make the decision was for it to be an Operational Executive Decision. The officer considered most appropriate to make the decision is the Section 151 Officer given their statutory requirement to provide a 'true and fair' view on the Accounts and being the relationship lead with the external auditor for the Council. The decision has been made with the support of the Best Value Finance Commissioner and in consultation with the Chair of Audit Committee.

**Additional Information**

The approach to making the decision has been discussed and agreed with the Council's Monitoring Officer and Best Value Finance Commissioner.

There are no additional direct financial implications for the Council arising from the decision. The decision taken mitigates additional costs for the Council compared to the alternative approaches considered.

**Decision Maker (Name and Job Title)**

Ross Brown  
Corporate Director for Finance & Resources and Section 151 Officer

**Scheme of Delegation Reference Number**

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**Date Decision Taken**

16 September 2024