

## Audit Committee – 27 September 2024

<b>Title of paper:</b>	External Audit - Audit Findings Report 2019/20 and Audit Update	
<b>Director(s)/ Corporate Director(s):</b>	Ross Brown, Corporate Director of Finance and Resources and Section 151 Officer  Shabana Kausar, Director of Finance and Deputy S151 Officer	<b>Wards affected:</b> All
<b>Report author(s) and contact details:</b>	Glenn Hammons, Interim Assistant Director - Technical Finance	
<b>Other colleagues who have provided input:</b>		
<b>Does this report contain any information that is exempt from publication?</b> No		
<b>Brief Summary</b> The Audit Committee is responsible for approving the audited accounts, this report provides the external auditor's (Grant Thornton) Audit Findings Report 2019/20 and external audit update.		
<b>Recommendation(s):</b>		
<b>1</b>	To note the Audit Findings Report 2019/20 set out in Appendix 1 from Grant Thornton, and its recommendations, as part of the Committee's consideration for approval of the Statement of Accounts 2019/20.	
<b>2</b>	To take assurance that management responses from the Council to the recommendations made in the Audit Findings Report 2019/20 will be presented to a future Audit Committee meeting.	

### 1 Reasons for recommendations

1.1 The Audit Committee's terms of reference include to:

#### Financial Reporting

- (a) review the annual statement of accounts. Specifically, to consider whether 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 Council
- (b) consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts
- (c) approve the Council's Statement of Accounts and associated governance and accounting policy documents.

1.2 As the Audit Committee is responsible for reviewing and approving the audited accounts, this report provides the external auditor's Audit Findings Report for the 2019/20 financial year. The report is required to be considered by the Committee as part of the process to approve the 2019/20 Accounts, which are set out in a separate agenda item for this meeting.

## **2 Background**

- 2.1 As previously reported to the Committee the Council has experienced delays with the audit of its 2019/20 accounts due to issues with property valuations for specialist assets and with subsidiary company figures required for group accounts.
- 2.2 The Council's 2018/19 Statement of Accounts were approved by the Audit Committee on 26 March 2021 for which Grant Thornton issued their audit opinion on the same day enabling the accounts to be formally published.
- 2.3 Grant Thornton originally commenced audit work on 2019/20's accounts in 2020 after work on the 2018/19 Statements concluded, but they decided to withdraw in early 2021 to allow the Council to amend the draft for a number of emerging issues including the need to obtain valuations for specialist assets and to finalise figures for a former subsidiary company which was in administration. These issues were responded to by the Council in November 2023, and a revised Statement of Accounts for 2019/20 was provided at the same time.
- 2.4 The Committee will also be aware of the issues with the local audit system at a national level and the proposals to reset, stabilise and improve the whole system. As set out in the Accounts Update report elsewhere on the agenda for this meeting Grant Thornton have advised the Council they would be looking to provide a 'backstop audit opinion' for 2019/20.

## **3. Audit Findings Report 2019/20**

- 3.1 In line with the International Auditing Standards and the National Audit Office Code of Audit Practice the Council's external auditors are required to report 'to those charged with governance' at the Council the findings of their audit work.
- 3.2 The Audit Findings Report includes an assessment of the audit work undertaken to date and provides recommendations to the Council to improve the production of Accounts in future financial years.
- 3.3 A copy of the external auditor's Audit Findings Report 2019/20 is shown at Appendix 1.
- 3.4 There has been insufficient time in advance of the deadline for publishing papers for the Committee for the Council to fully consider the recommendations and informed provide management responses. The Council will assess the findings, and recommendations, ahead of providing management responses for the Committee to consider at a future meeting.

## **4 Background papers other than published works or those disclosing exempt or confidential information**

- 4.1 None.

## **5 Published documents referred to in compiling this report**

- 5.1 None.