

AUDIT AND GOVERNANCE COMMITTEE



Report subject	External Audit - Audit Findings Report 2019/20
Meeting date	26 November 2020
Status	Public Report
Executive summary	<p>The attached report sets out the findings of the Council's external auditor following their audit of the Council's Statement of Accounts 2019/2020. The key points to note are:</p> <ul style="list-style-type: none">• Grant Thornton anticipate providing an unqualified opinion on the financial statements for the Council; and that• Grant Thornton have concluded that the Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources and anticipate issuing an unqualified value for money conclusion.
Recommendations	<p>It is RECOMMENDED that:</p> <p>The Audit & Governance Committee notes the anticipated audit opinion and the provisional findings of the Council's external auditor following their audit of the Council's statement of accounts 2019/20.</p>
Reason for recommendations	<p>To ensure that the Audit & Governance Committee are fully informed of the audit opinion and findings of the Council's external auditor following their audit of the Council's financial statements for the year ended 31 March 2020, as set out in the report attached.</p>
Portfolio Holder(s):	Drew Mellor, Leader of the Council
Corporate Director	Graham Farrant, Chief Executive
Report Authors	<p>Nigel Stannard Head of Audit & Management Assurance ✉ <u>nigel.stannard@bcpcouncil.gov.uk</u></p>
Wards	Council-wide
Classification	For Information

Background

1. Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), the external auditor is required to report whether, in their opinion, the group and Council's financial statements:
 - a. give a true and fair view of the financial position of the group and the Council and their income and expenditure for the year; and
 - b. have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.
2. In addition, the external auditor is required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).
3. This report sets out the findings of the Council's external auditor following their audit work to date on the Councils' Statement of Accounts 2019/2020.

Audit Findings Report

4. The attached report (Appendix A) highlights the key matters arising from the audit of the Council's financial statements for the year ended 31 March 2020.
5. The following key issues from the report are noted:
 - Grant Thornton anticipate providing an unqualified opinion on the financial statements for the Council; and that
 - Grant Thornton have concluded that the Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources and anticipate issuing an unqualified value for money conclusion.
6. The following conclusion is included in the attached report:

"At the time of issue, there remains outstanding work in progress including sample testing of transactions and work to support the valuation of property assets. We will issue an updated reported to the January Audit and Governance Committee.

Based on the work completed to date and subject to the correction of errors identified in the valuation of property assets we anticipate issuing an unqualified audit opinion. Our audit opinion will include an emphasis of matter paragraph reflecting the uncertainty in property valuations identified by the Council's valuers arising from Covid 19 and potentially an uncertainty in respect of assets held by the Dorset Pension Fund".

7. The core audit fee previously reported to the Audit & Governance Committee (July 2020) was proposed at £160,000 and was subject to agreement by the Public Sector Audit Appointments.
8. The attached report indicates that additional external audit fees are proposed, in part due to the number of valuers engaged by the Council (£15,000) plus Covid-19 related additional fees (£21,000). The proposed total core fee is therefore now £196,000. These fees are currently indicative and are subject to discussion and agreement between the Council, Grant Thornton and Public Sector Audit Appointments.
9. In addition to the core audit fees, the Council will incur costs for grant claims and non-audit services totalling £35,000.

Options Appraisal

10. An options appraisal is not appropriate for this report.

Summary of financial implications

11. The proposed core fee has increased from £160,000 to £196,000 and will equate to a budget pressure if agreed. There are also additional fees for other audit services totalling £35,000.

Summary of legal implications

12. There are no direct legal implications from this report.

Summary of human resources implications

13. There are no direct human resource implications from this report.

Summary of sustainability impact

14. There are no direct sustainability impact implications from this report.

Summary of public health implications

15. There are no direct public health implications from this report.

Summary of equality implications

16. There are no direct equalities implications from this report.

Summary of risk assessment

17. The areas identified for development by the Council's external auditor will be fully discussed during the risk management review process and appropriate mitigations will be discussed with the Corporate Management Team.

Background papers

None

Appendices

Appendix A - Grant Thornton Audit Findings Report for year ending 31/3/20