

AUDIT AND GOVERNANCE COMMITTEE



Report subject	External Auditor – Audit Progress 2020/21 & Sector Update
Meeting date	13 January 2022
Status	Public Report
Executive summary	<p>Grant Thornton, as the Council’s appointed External Auditors, have produced a report (Appendix A) which provides an update to Audit & Governance Committee on their progress to date in delivering their responsibilities.</p> <p>The report states that the proposed target completion date for their fieldwork was 30 November 2021 and that they aimed to give their opinion on the financial statements by the end of December 2021. However a number of matters have arisen that have resulted in delay to this timetable. Reasons for the delay are included in the report and a revised date for the sign off of the financial statements of February 2022 has been set.</p> <p>Progress has been made on the certification of claims and returns for the Council as detailed in the report.</p> <p>The report states that the Financial Reporting Council (FRC) published its annual report on 29 October 2021 setting out the findings of its review of the work of local auditors. The FRC described Grant Thornton’s improvement in audit quality as an ‘encouraging response by the firm to the quality findings reported in the prior year’.</p> <p>The report also includes a summary of emerging national issues and developments that may be relevant to the Council.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>Audit & Governance Committee notes the External Auditor’s progress to date in delivering their responsibilities and the sector update provided.</p>
Reason for recommendations	<p>To update Audit & Governance Committee on the External Auditor’s progress to date in delivering their responsibilities.</p> <p>To advise Audit & Governance Committee of emerging national issues and developments that maybe relevant to the Council.</p>
Portfolio Holder(s):	Cllr Drew Mellor, Leader of the Council
Corporate Director	Graham Farrant, Chief Executive
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Wards	Council-wide
Classification	For Information

Background

1. During 2017, Public Sector Audit Appointments (PSAA) awarded contracts for audit for a five-year period beginning on 1 April 2018. This year is the third year of that contract, Grant Thornton are the appointed External Auditors for Bournemouth, Christchurch and Poole Council.
2. Grant Thornton, as the Council's External Auditors, have a responsibility to provide regular updates to those charged with governance (Audit & Governance Committee) on progress made in delivering their responsibilities.

External Audit Progress Report

Progress at January 2022

3. The attached report (Appendix A) details progress made by Grant Thornton in delivering their responsibilities as external auditors.
4. The report states that the proposed target completion date for their audit fieldwork was 30 November 2021 and that they aimed to give their opinion on the financial statements by the end of December 2021. However, a number of matters have arisen that have resulted in delay to this timetable including:
 - Ongoing queries regarding the valuation of a small number of the Authority's assets that have required further valuations to be undertaken.
 - Complexities inherent within the financial statements have resulted in increased time taken to complete testing of journals and income & expenditure samples.
 - Delay in work undertaken by the auditor of Dorset Pension Fund.

Therefore, a revised timetable of February 2022 for the sign off of the financial statements is planned.

Certification of claims and returns

5. The following progress has been made on the certification of claims and returns for the Authority:
 - Teachers' Pensions return – work is complete with minimal issues identified.
 - Housing Benefit Subsidy claim – work is significantly progressed and the deadline is 31 January 2022.
 - Pooling of Housing Capital Receipts return – work is due to begin in January 2022.

Financial Reporting Council annual report

6. The Financial Reporting Council (FRC) published its annual report on 29 October 2021 setting out the findings of its review of the work of local auditors.
7. Grant Thornton are one of seven firms which currently delivers local audit work. The FRC reviewed nine of Grant Thornton's audits and graded six files (67%) as 'Good with limited improvements', three files as 'Improvements required' and none as 'Significant improvements required'.

8. The FRC described the improvement in audit quality as an 'encouraging response by the firm to the quality findings reported in the prior year'.

Sector Update

9. The report also includes a summary of emerging national issues and developments that may be relevant to the Council (as a local authority) which includes:
 - Government response to MHCLG Select Committee report on Local Authority financial sustainability & the section 114 regime – MHCLG
 - Public Accounts Committee (PAC) – Local auditor reporting on local government in England & government response
 - 2020/21 audited accounts – Public Sector Audit Appointments
 - Guide to support Value for Money (VfM) analysis for public managers – CIPFA
 - Climate change risk: A good practice guide for Audit & Risk Assurance Committees – National Audit Office (NAO)
 - Local government and net zero in England – NAO
 - Cyber and information security: Good practice guide - NAO

Options Appraisal

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

Summary of financial implications

11. The proposed 2020/21 BCP Council Audit fee is £200,500 with an additional £37,000 for the Audit of subsidiary charities (total value £237,500).

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 resources implications from this report.

Summary of sustainability impact

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

Summary of public health implications

15. There are public health implications from this report.

Summary of equality implications

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

Summary of risk assessment

17. There are no risk implications from this information report.

Background papers

None

Appendices

Appendix A – Grant Thornton – BCP Audit Progress Report and Sector Update