

AUDIT AND GOVERNANCE COMMITTEE



Report subject	External Auditor – Audit Progress & Sector Update
Meeting date	12 January 2023
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 includes an update on both their 2020/21 and 2021/22 audit work. Key points of note are:</p> <ul style="list-style-type: none">• Financial Statements Audit 2020/21 – the two issues (relating to infrastructure assets and work undertaken by the auditor of Dorset Pension Fund work) that were causing delay in completing the 2020/21 audit opinion continue to progress with the aspiration that the audit work will be completed by the end of January 2023.• Value for Money 2020/21 – as previously reported, the Auditors Annual Report for 2020/21 was presented to a special meeting of the Audit & Governance Committee on 20 October 2022.• Financial Statements Audit 2021/22 – planning and interim work was completed in November 2022. The 2021/22 post-statements audit work has been reluctantly paused due to the resignation of the current Audit Manager. It is not possible to provide an indicative target completion date until a permanent replacement is secured.• Value for Money 2021/22 – as previously reported the auditors are proposing to delay the commencement of their review until early 2023 as the 2020/21 VFM Auditors Annual Report was only finalised in September 2022. The 2021/22 Auditor's Annual Report, which includes VFM, is expected to be published no later than July 2023. <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	To update Audit & Governance Committee on the External Auditor's progress to date in delivering their responsibilities. To advise Audit & Governance Committee of emerging national issues and developments that maybe relevant to the Council.
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 fourth 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 2023

3. The attached report (Appendix A) details progress made by Grant Thornton in delivering their responsibilities as external auditors.
4. The report includes an update on the following areas for their 2020/21 work:
 - Financial Statements Audit 2020/21 – the two issues (relating to infrastructure assets and work undertaken by the auditor of Dorset Pension Fund work) that were causing delay in completing the 2020/21 audit opinion continue to progress with the aspiration that the audit work will be completed by the end of January 2023.
 - Value for Money 2020/21 – as previously reported, the Auditors Annual Report for 2020/21 was presented to a special meeting of the Audit & Governance Committee on 20 October 2022.
 - Other Areas 2020/21 - Certification of claims and returns work has been completed as previously reported. For the whole of government accounts work a return is required to be certified and will be completed once the audit opinion has been issued. Meetings & events details are also provided.

- Audit Fees 2020/21 – proposed variations to the Scale Fee set by Public Sector Audit Appointments have been discussed with the s151 Officer and will be reviewed on completion of 2020/21 audit work.
5. The report also includes an update on the following areas for their 2021/22 audit work:
- Financial Statements Audit 2021/22 – planning and interim work was completed in November 2022. The 2021/22 post-statements audit work has been reluctantly paused due to the resignation of the current Audit Manager. It is not possible to provide an indicative target completion date until a permanent replacement is secured.
 - Objection to the accounts 2021/22 – further action and responses are being considered.
 - Value for Money 2021/22 – as previously reported the auditors are proposing to delay the commencement of their review until early 2023 as the 2020/21 VFM Auditors Annual Report was only finalised in September 2022. The 2021/22 Auditor's Annual Report, which includes VFM, is expected to be published no later than July 2023.
 - Other Areas 2021/22 – Certification of claims and returns work is ongoing.
6. Planned dates and the status of each area of work are included for both 2020/21 and 2021/22 under the 'Audit Deliverables' section of the report.

Sector Update

7. 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:
- Report On The Quality Of Local Audit - Financial Reporting Council
 - Local Government External Audit Procurement - Public Sector Audit Appointments
 - Nearly 60 councils at risk of 'running out of money' next year - Grant Thornton
 - Audit Committees: Practical Guidance For Local Authorities And Police - CIPFA

Options Appraisal

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

Summary of financial implications

9. The proposed 2021/22 BCP Council Audit fee is £213,875.

Summary of legal implications

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

Summary of human resources implications

11. There are no direct human resources implications from this report.

Summary of sustainability impact

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

Summary of public health implications

13. There are public health implications from this report.

Summary of equality implications

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

Summary of risk assessment

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

Background papers

None

Appendices

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