

# AUDIT AND GOVERNANCE COMMITTEE



Report subject	<b>External Audit - 2020/21 ISA260 Audit Findings Report and Statement of Accounts 2020/21</b>
Meeting date	9 March 2023
Status	Public Report
Executive summary	<p>The attached report set out the findings of the council's external auditor following their audit of the council's statement of accounts 2020/21 as well as the latest revised version of the statement of accounts. The key points to note are:</p> <ul style="list-style-type: none"><li>• Grant Thornton anticipate providing an unqualified opinion on the financial statements for the council; and that</li><li>• Grant Thornton anticipate issuing a qualified "except for" value for money conclusion due to the findings of children's services and the councils financial sustainability.</li></ul>
Recommendations	<p><b>It is RECOMMENDED that:</b></p> <p><b>(a) Notes the anticipated audit opinions and findings of the council's external auditor included as Appendix 1 to this report, following the audit of accounts 2020/21;</b></p> <p><b>(b) Approves the 2020/21 financial statement included at Appendix 2;</b></p> <p><b>(c) Approves the signing of the Statement of Responsibilities and the Letter of Representation by the Chair of the Audit &amp; Governance Committee and the S151 Officer once the audit work is complete at the end of March.</b></p>
Reason for recommendations	<p>To ensure that the Audit &amp; 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 2021, as set out in the report attached.</p>

Portfolio Holder(s):	Phillip Broadhead, Leader of the Council
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Matthew Filmer, Assistant Chief Financial Officer
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 2020/21.
4. The Committee is today asked to note the audit findings report (Appendix A) as well as the Statement of Accounts 2020/21 (Appendix B). The Committee are also asked to approve the signing of the Letter of Representation and the Statement of Responsibilities by the Committee Chair and S151 Officer once the audit is complete at the end of March. The final documentation will be published on the councils website as well as notification of the conclusion to the audit.

## Audit Findings Report

5. 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 2021.
6. 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 reviewed the council's arrangements to secure economy, efficiency and effectiveness in its use of resources and have not been able to satisfy themselves this is place at the council.

## **Audit Fees**

7. The attached report indicates that additional external audit fees are proposed, in part due to the additional work required for the value for money assessment (£20,000), additional work required on testing errors identified (£13,250). The proposed total core fee is therefore now £264,000. This represent additional fees over and above the proposed fee of £63,500.
8. 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 £41,000

## **Summary of financial implications**

10. The proposed increase in the fees as set out above of £63,500 were not factored into either the 2020/21 or 2021/22 outturn position and therefore will be a new pressure to account for in 2022/23 outturn. There is expectation that similar additional fees will need to be considered around 2021/22 and 2022/23 external audits.

## **Summary of legal implications**

11. There are no direct legal implications for this report.

## **Summary of human resources implications**

12. There are no direct human resources implications for this report.

## **Summary of sustainability impact**

13. There are no direct sustainability implications for this report.

## **Summary of public health implications**

14. There are no direct public health implications for this report.

## **Summary of equality implications**

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

## **Summary of risk assessment**

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

## **Appendices**

- Appendix 1 - Grant Thornton Audit Findings Report for year ending 31<sup>st</sup> March 2021  
Appendix 2 – BCP Council Statement of Accounts 2020/21