

AUDIT COMMITTEE
13 APRIL 2022

AUDIT OF ACCOUNTS 2020-21

SUMMARY REPORT

Purpose of Report

1. To present a report by the Council's external auditors, Ernst and Young LLP (EY), on the audit for the year ended 31 March 2021.

Summary

2. In accordance with the Accounts and Audit (Amendment) Regulations 2021, all Local Authorities were required to produce the draft annual Statement of Accounts by 31 July 2021 and an audited set published by 30 September 2021. These regulations have temporarily relaxed the previous deadlines for producing the draft accounts and completion of final audited accounts.
3. As outlined to this Committee on 28 July 2021, although our external auditor (Ernst & Young) were not in a position to deliver the audit by the statutory deadline they have subsequently now substantially completed the audit.
4. The external auditors are required by the Public Sector Audit Appointments Ltd (PSAA) to report to Members issues arising from the accounts audit. The Audit Results Report details the significant findings from the audit by EY following their audit approach outlined in their audit plan presented to this committee in July 2021 (previously distributed).
5. Members are specifically required to consider items that are classified as unadjusted audit differences, which officers propose not to adjust in the accounts. There are 2 such unadjusted audit differences and they are explained below:
 - (a) Private Finance Initiative (PFI) – This was reported last year in the Audit Results report and will continue to be included until the end of the PFI scheme in 2030. The 'difference' was at its maximum in 2019/20 and will now continue to reduce until the end of the PFI scheme so as its not material management have chosen not to adjust.
 - (b) Income to services - £38,100 was identified as being raised in 2020/21 that related to 2019/20 (and extrapolated to £740,000) – this is income for respite clients who were in short break stays shortly before the outbreak of the pandemic in March 2020. The usual practice of the Council (so as not to overstate income) is to assume that the client is a non-fee contributor until a comprehensive financial assessment can be carried out. Due to the pandemic and subsequent lockdown this was not possible until later on in 2020/21 when the said income was identified and found to relate to 2019/20. Management have chosen not to adjust as it is not material.

6. EY are also required to report to management and the Audit Committee any significant deficiencies in internal control identified during their audit. In this regard, EY have not raised any significant matters.
7. EY are expected to:
 - Give an unqualified opinion on the Council's 2020/21 accounts;
 - Conclude that the Council have put in place proper arrangements to secure value for money in its use of resources.
 - Confirm that the Council's Annual Governance Statement is not misleading or inconsistent with other information known to them.
8. EY's report is attached at **Annex 1** and will be presented by a representative from EY. However, it should be noted that whilst the external auditors have substantially completed their work at the time of writing the audit is not complete. EY will give an update at the meeting.

Outcome of Consultation

9. The content of this report was not subject to consultation.

Recommendation

10. It is recommended that:-
 - a) The Auditor's Audit Results Report on the Council's 2020-21 financial statements be noted.
 - b) Members note the Letter of Representation in Appendix B of the Audit Results Report
 - c) The Audit Committee agrees not to amend the unadjusted audit differences as they are not material.
 - d) The Audit Committee is requested to note (and subsequently approve when the audit is complete) the attached IFRS compliant Statement of Accounts at **Annex 2** for the 2020-21 financial year.

Reasons

11. The recommendation is supported as it comprises part of the Council's corporate governance arrangements

Elizabeth Davison
Group Director of Operations

Background Papers

- (i) Council's accounts 2020-21

(ii) EY Audit Results Report 2020/21

Peter Carrick: Extension 5401

S17 Crime and Disorder	There are no specific issues which relate to crime and disorder.
Health and Well Being	There is no specific health and well being impact.
Carbon Impact	There is no specific carbon impact
Diversity	There is no specific diversity impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	This report does not affect the budget or policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
Council Plan	There is no specific relevance to the Council Plan beyond the report comprising part of the Council's governance arrangements.
Efficiency	There is no specific efficiency impact.
Impact on Looked After Children and Care Leavers	The report does not impact upon Looked After Children or Care Leavers.