

Audit Committee

26 November 2024

Audit Findings Report 2021-22 and 2022-23

Report from: Phil Watts, Chief Operating Officer

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Summary

This report presents the opinion of the Council's External Auditors, Grant Thornton LLP for the financial statements for 2021-22 and 2022-23.

1. Recommendations

- 1.1. The Committee note the audit findings report 2021-22 & 2022-23 combined as detailed at Appendix a.
- 1.2. The Committee note the disclaimer of audit opinion due to backstop 2021-22 as per Appendix b.
- 1.3. The Committee note the disclaimer of audit opinion due to backstop 2022-23 as per Appendix c.
- 1.4. The Committee approve the draft management letter of representation 2021-22 as per Appendix d.
- 1.5. The Committee approve the draft management letter of representation 2022-23 as per Appendix e.

2. Budget and policy framework

- 2.1. The Audit Commission's Code of Audit Practice and International Standards of Auditing require the results of the external audit to be reported to those charged with governance. This Committee has been delegated the responsibility for considering all reports by the external auditor including all performance reports and the annual audit letter.

3. Background

- 3.1. Historically, local authorities have been required to publish their Statement of Accounts to the period 31 March, by the 31 May the same year, with external audits of those accounts required to be completed by 30 September in the

same year. Primarily, as a result of audit delays arising from the Covid-19 pandemic, these deadlines were not able to be met and as a consequence, all audits since those undertaken for the financial year 2019/20 have either been subject to delay (as per 2020/21, where the audited Statements were approved by this Committee on 16 March 2023) or have yet to be awarded an audit opinion.

- 3.2. At the Audit Committee of 29 November 2023, Members noted that a pragmatic decision not to complete audits for 2021-22 and 2022-23 had been taken by the Chief Operating Officer and Grant Thornton. It was felt that it would not have been possible to meet the deadlines provided by the government and to continue would have meant the Council and Grant Thornton would have used their limited resources to undertake work which would not have been completed.
- 3.3. The draft financial statements for the following financial years were published on the Council's website on the following dates:

Financial Year	Date Published
2021-22	06 November 2023
2022-23*	29 October 2024
2023-24	31 May 2024

* The production of the 2022-23 draft statements were delayed in order that resources were concentrated on the production of the 2023-24 draft statements to enable the Council to meet the statutory deadline for publications of 31 May 2024 and to allow the planned audit to commence in July 2024 which was achieved.

- 3.4. In early September 2024, the Government announced that the previously reported dates for the audit backstop dates for auditors providing an opinion on financial statements have been brought forward as follows:

Financial year accounts	Previously reported Dates	Deadline
up to and including 2022-23	30 September 2024	13 December 2024
2023-24	31 May 2025	28 February 2025
2024-25	31 March 2026	27 February 2026
2025-26	31 January 2027	31 January 2027
2026-27	30 November 2027	30 November 2027
2027-28	30 November 2028	30 November 2028

- 3.5. Under the backstop provisions, local authorities will be required to publish their statement of accounts and audit report by the backstop date.

3.6. Before Grant Thornton can provide an opinion in line with the backstop, they are required to report to those charged with governance:

- any significant findings arising from our work to date,
- the outcome of our value for money work,
- any other matters arising from the audit which they need to share with this Committee under the auditing standards,
- the wording of the draft disclaimer of opinion.

3.7. In order to meet the backstop date, which is the 13 December 2024 for the financial years 2021-22 and 2022-23, Grant Thornton is required to present its findings and opinions to those in charge of governance prior to that date.

4. Risk management

4.1. Risk management is an integral part of good governance. The Council has a responsibility to identify and manage threats and risks to achieve its strategic objectives and enhance the value of services it provides to the community. Using the following table this section should therefore consider any significant risks arising from your report.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Failure to meet backstop date	Grant Thornton LLP need to provide an opinion on all financial statements prior to 2023/24 by the statutory backstop date of 13 December 2024	Officers have prepared the draft financial statements for 2021-22 and 2022-23 to Grant Thornton whom will provide an opinion presented to this Committee.	DIII

Likelihood	Impact:
A Very likely	I Catastrophic
B Likely	II Major
C Unlikely	III Moderate
D Rare	IV Minor

5. Financial implications

5.1. The core audit fees for 2021-22 and 2022-23 were set by the Public Sector Audit Appointments (PSAA) at £113,287 and £124,062 respectively and these have been paid in accordance with normal practices in the year to which they

relate. It is recognised that where disclaimer opinions have been given, there will need to be an adjustment to those fees to reflect the lower level of work undertaken. These adjustments will be agreed by the PSAA on a case-by-case basis dependent upon individual audit circumstances.

6. Legal implications

- 6.1. Auditors are required to comply with the Statement of Auditing Standards, and thus provide an opinion on the Council's Statement of Accounts.

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Appendices

Appendix a: Audit findings report 2021-22 & 2022-23 combined
Appendix b: Disclaimer of audit opinion due to backstop 2021-22
Appendix c: Disclaimer of audit opinion due to backstop 2022-23
Appendix d: Draft management letter of representation 2021-22
Appendix e: Draft management letter of representation 2022-23

Background papers

There are none.