

SUBJECT: EXTERNAL AUDIT: AUDIT COMPLETION REPORT

DIRECTORATE: CHIEF EXECUTIVE & TOWN CLERK

REPORT AUTHOR: COLLEEN WARREN, FINANCIAL SERVICES MANAGER

1. Purpose of Report

- 1.1 This report summarises the findings from the 2019/20 audit, which is substantially complete. It identifies the key issues that Members should consider before an opinion, conclusion and certificate are issued.
- 2.1 This report includes only matters of governance interest that have come to the external auditor's attention in performing the audit. It is not designed to identify all matters that might be relevant to the Authority.
- 2.2 The report will be presented at the meeting by the Council's External Auditors, Mazars.

2. Executive Summary

- 2.1 The Council's financial statements are an important means by which the Council accounts for its stewardship of public funds. Council Members have final responsibility for the financial statements. It is therefore important that the Audit Committee consider Mazars findings before recommending the adoption of the financial statements to Full Council.

3. Opinion on the financial statements

- 3.1 At the time of preparing this report, Mazars work on the financial statements was substantially complete. Subject to the satisfactory conclusion of any outstanding work, Mazars propose issuing an unqualified audit opinion by the 30th November 2020 (a report to those charged with governance (IAS 260) is attached at Appendix A).
- 3.2 As part of the audit work undertaken Mazars have considered the internal controls in place relevant to the preparation of the financial statements. The findings of this work has resulted in 3 recommendations being made in respect of:
- IT General Controls
 - Expected Credit Loss Model
 - Asset Valuation Inputs

Further detail of the findings and recommendations are provided in section 4 of the attached report.

- 3.3 In relation to misstatements in the accounts there were a number of misstatements

identified that were above the threshold level of £49k, all of which were adjusted for as part of the audit process and have been reflected in the version of the Statement of Accounts that is presented elsewhere on this agenda. Further details of these misstatements are provided in section 5 of the attached report. There were no unadjusted misstatements.

3.4 A fully amended copy of the Statement of Accounts is presented elsewhere on this agenda.

4. Value for Money conclusion.

4.1 The Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are adequate. Mazars therefore proposes issuing an unqualified opinion on the Council's value for money arrangements.

5. Strategic Priorities

5.1 The Council's Statement of Accounts are a financial summary of the Council's activities in support of its Vision 2020 and Strategic Priorities during the financial year 2019/20.

6. Organisational Impacts

6.1 Finance

There are no direct financial implications arising as a result of this report.

6.2 Legal Implications including Procurement Rules

In accordance with the Accounts and Audit Regulations 2015 the Statement of Accounts must be approved and published by the Council, together with the audit opinion and certificate, by the 31st July 2019. As reported to the Audit Committee on 18th July 2019 the External Auditor was unable to complete their audit work by this date and issue their audit opinion. In accordance with Regulation 10, paragraph (2a) of the Accounts and Audit Regulations 2015:

2) Where an audit of accounts has not been concluded before the date specified in paragraph (1) an authority must—

(a) publish (which must include publication on the authority's website) as soon as reasonably practicable on or after that date a notice stating that it has not been able to publish the statement of accounts and its reasons for this"

Such a notice was published by the Council on the 23rd July 2019. On receipt of the final audit opinion, the Council's website will be updated with the final audited accounts including the issued audit opinion.

6.3 Equality, Diversity and Human Rights

There are no equality, diversity or human rights issues arising as a result of this report.

7. Risk Implications

7.1 There are no risk implications arising as a result of this report.

8. Recommendation

8.1 Audit Committee are asked to:

- a) Consider the matters raised in the report before recommending the financial statements for approval by Full Council;
- b) Approve the draft letter of representation, attached at Appendix B, on behalf of the Council before Mazars issue an opinion, conclusion and certificate and delegate any further amendments to the letter, should any additional issues be raised by Mazars prior to 30th November, to the Chief Finance Officer and Chair of this Committee, with any changes reported back to this Committee.
- c) Delegate to the Chief Finance Officer and Chair of this Committee any further changes that may be required to the Statement of Accounts as identified during the conclusion of the audit, with any changes reported back to this Committee.

Is this a key decision?

No

Do the exempt information categories apply?

No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?

No

How many appendices does the report contain?

Two

List of Background Papers:

Draft Statement of Accounts 2019/20 – Audit Committee 27th August 2020.

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