

Guildford Borough Council

Report to: Corporate Governance and Standards Committee

Date: 27 July 2023

Ward(s) affected: All wards

Report of Director: Transformation & Governance

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Report Status: Open

2020/21 Audit findings report – year ended 31 March 2021

1. Executive Summary

- 1.1 The audit of the 2020/21 accounts is complete and the independent auditor has issued an unqualified opinion on the financial statements, which the CFO will re-certify in accordance with the Accounts and Audit Regulations 2015 immediately after the committee meeting. The auditors have issued an Audit Findings report, which is included as Appendix 1, along with a management action plan.
- 1.2 There were some adjustments to the primary statements required as a result of the audit and these, along with what actions were taken, are highlighted in the audit findings report. There are also some minor changes that are not individually significant enough to warrant separate disclosure in the findings report.

- 1.3 The 2020/21 Auditors Annual Report (was VFM) will be reported together with the 2021/22 Auditors Annual report and will be presented to Councillors as a separate report to a future Committee.
- 1.4 The Chair of the Corporate Governance and Standards Committee is required to issue a letter of representation on behalf of the Council to the auditors to provide assurance over the management framework operating at the Council and the disclosures in the accounts. A copy of the proposed letter is provided at Appendix 2

2. Recommendation to Committee

That the Committee:

- 2.1. Notes Grant Thornton's Audit Findings Report and the management responses provided in the action plan.
- 2.2. Approves the letter of representation on behalf of the Council and authorises the Chair of the meeting to sign the letter on the Council's behalf.

3. Reason for Recommendation:

- 3.1. To allow the external auditor to issue his opinion on the 2020-21 accounts

4. Exemption from publication

No

5. Purpose of Report

- 5.1. The report asks the Committee to consider the external auditor's Audit Findings Report (AFR) for the 2020-21 financial year and the issues it raises.
- 5.2. I would usually add a summary of details in here, but I havent seen it yet!

6. Strategic Priorities

- 6.1. Good financial management underpins the achievement of the Council's Corporate Plan.

7. Background

- 7.1. Grant Thornton prepares its AFR to meet the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office of Audit Practice by reporting on:

- The Council's financial statements; and
- Whether the Council has made proper arrangements for securing value for money in its use of resources

- 7.2. The International Standard on Auditing 260 requires "those charged with governance" to consider the report before the external auditor can sign off his opinion on the accounts. The deadline for issuing the audit opinion for 2020-21 has long since passed, being November 2021.

- 7.3. The draft AFR for 2020-21 is attached as **Appendix 1**.

- 7.4. This Committee has authority to approve the accounts on behalf of the Council. For the auditor to conclude their audit, the Council is required to send a letter of representation to the auditors to provide assurance over the management framework and the disclosures made in the accounts. A copy of the proposed letter of representation is at **Appendix 2**.

8. Consultations

- 8.1. The Lead Councillor for Finance has been briefed on the 2020-21 accounts and the progress of the audit.

9. Key Risks

- 9.1. The conclusion of the 2020-21 statement of accounts is very late and past the government deadlines. There are discussions across the Country and within Government about the “state” of audit in England. DLUHC have issued a letter to all local authorities in England outlining the work they have been doing to resolve the auditing issues. We know from the updated budget paper, presented to this Committee on 18 July 2023 that items in the accounts have been found now (whilst closing 2022-23) relating to 2020-21 and 2021-22 that would have been picked up sooner if the audits had been completed on time.

10. Financial Implications

- 10.1. There are no specific financial implications arising from this report.

11. Legal Implications

- 11.1. The International Standard on Auditing (UK and Ireland) 260 requires the external auditor to report any issues arising from the audit of the Financial Statements to those charged with Governance. In the Council’s case this is the Corporate Governance and Standards Committee.
- 11.2. The International Standard on Auditing (UK and Ireland) 580 requires the Chief Financial Officer to send a letter of representation to the external auditor. **Appendix 2** is the draft of the 2020-21 letter of representation which officers recommend that the Committee approves and that the chair of the meeting signs on the Council’s behalf.

12. Human Resource Implications

- 12.1. There are no human resource implications arising from this report.

13. Equality and Diversity Implications

13.1. There are no Equality and Diversity implications arising from the report.

14. Climate Change/Sustainability Implications

14.1 There are no Climate Change / Sustainability implications arising from the report.

15. Summary of Options

15.1 The 2020-21 accounts and letter of representation must be signed on completion of the audit.

16. Conclusion

16.1 The 2020-21 accounts have been audited and given an unqualified opinion, which the CFO will re-certify in accordance with the Accounts and Audit Regulations 2015.

17. Background Papers

2020-21 Statement of Accounts

18. Appendices

Appendix 1: Draft Audit Findings Report 2020-21

Appendix 2: Letter of Representation