



Governance and Audit Committee 8 March 2022

Item
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Report of	Chief Operating Officer	Author	Paul Cook □ 505861
Title	External audit 2020/21 update		
Wards affected	All		

1 Executive Summary

- 1.1 To update the Committee on further delays to the 2020/21 audit.

2 Recommended Decision

- 2.1 To note further delays in finalising the 2020/21 audit.

3 Reason for Recommended Decision

- 3.1 The external audit is a statutory requirement.

4 Alternative Options

- 4.1 None.

5 2020/21 Audit Timetable

- 5.1 The Council has been working with our external auditors BDO to complete the audit of the 2020/21 statement of accounts.
- 5.2 The Head of Finance published the draft Statement of Accounts on 11 June 2021. The period of public audit rights was commenced following approval of the Annual Governance Statement by the 22 June 2021 Committee. It was expected that the accounts with audit opinion would be available to the 7 September 2021 Committee.
- 5.3 At the 7 September 2021 Committee a revised timetable of accounts with audit opinion to the 23 November 2021 Committee was agreed.
- 5.4 Following delays in the audit, the accounts with audit opinion did not go forward to 23 November 2021 Committee and it was agreed with BDO to work towards the 18 January 2022 Committee.
- 5.5 Following delays in the audit, the accounts with audit opinion did not go forward to 18 January 2022 Committee and it was agreed with BDO to work towards the 8 March 2022 Committee.

- 5.6 Following further audit delays the audit opinion is not ready for the 8 March 2022 Committee. The Council is now continuing to work with BDO to finalise the audit. When completed the audit opinion will be reported to the Committee in the new Municipal Year.
- 5.7 Under current National Audit Office guidance BDO have three months from giving their audit opinion to make their 2020-21 use of resources judgment on the Council. The judgement will need to be received in the new Municipal Year.
- 5.8 Section 7 below sets out BDO's explanation of the further audit delays.
- 5.9 Staffing issues at BDO have undoubtedly impacted on the audit timetable. As at 22 February 2022 there remained a number of audit requests to the Council yet to be resolved to BDO's satisfaction. These include payroll enquiries for the Council and its companies requested February 2022. It is considered by the Council these queries might have been raised much earlier.
- 5.10 It is not considered by the Head of Finance that there are any audit issues that will have a material impact on the Council's financial position. However, the audit opinion when forthcoming is a matter for BDO to determine. The external auditors may raise additional or new queries at any stage.

6 Practical Implications of the Audit Delays

- 6.1 Whilst it is highly unsatisfactory and poor local accountability not to have the audit opinion on 2020/21, the delay will not be allowed to impact on financial management in 2021/22, 2022/23 or 2023/24.
- 6.2 The 2021/22 outturn will be reported to Governance and Audit Committee in June 2022 following the normal timetable.
- 6.3 Delays in the audit opinions for 2020/21 and potentially 2021/22 (due November 2022) are not expected to have any impact on the preparation of the 2023/24 budget.
- 6.4 Any material changes to financial assumptions ultimately identified by the external auditors relating to 2020/21 will be dealt with through reserves.

7 BDO

- 7.1 BDO will update on the 2020/21 audit at the meeting.

8 2021/22 External Audit

- 8.1 Under proposed Government Accounts and Audit Regulations covering 21/22 statements of accounts, the Council will have until the end of July 2022 to publish its draft 21/22 statement of accounts and commence the period of public rights.
- 8.2 The Council expects to publish the draft 21/22 statement of accounts in accordance with the regulatory timetable and will update the Committee once the external audit timetable for 2021/22 has been agreed with BDO. However, based

on the experience of 2020/21 audit any external audit timetable has a significant risk of non-delivery by the external auditors.

9 Risk Management Implications

9.1 None specific.

10 Financial implications

10.1 As set out in the report.

11 Environmental and Climate Change Implications

11.1 All budget measures are assessed for their likely environmental impact, reflecting the Council's commitment to be 'carbon neutral' by 2030. Environment and Climate Change is an essential cross-cutting theme in the Council's recovery planning and a core theme of the new Strategic Plan.

12 Equality and Diversity Implications

12.1 Consideration will be given to equality and diversity issues in respect of budget changes proposed as part of the budget process. This will be done in line with agreed policies and procedures including production of Equality Impact Assessments where appropriate.

13 Other Standard References

13.1 There are no direct Publicity, Human Rights, Community Safety or Health and Safety implications as a result of this report.