



ST HELENS
BOROUGH COUNCIL

Audit and Governance Committee

23 November 2020

Report Title:	External Auditor's Audit Findings Report (Year Ending March 2020)
Cabinet Portfolio	Finance and Governance
Cabinet Member	Councillor Martin Bond
Exempt Report	No
Reason for Exemption	N/A
Key Decision	No
Public Notice issued	N/A
Wards Affected	All Wards
Report of	Cath Fogarty Executive Director of Corporate Services cathfogarty@sthelens.gov.uk 01744 673202
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Borough priorities Please mark X for any priority supported by this report NB Use Section 4 - Background Information to explain how each selected priority is supported	Ensure children and young people have a positive start in life	
	Promote good health, independence and care across our communities	
	Create safe and strong communities for our residents	
	Support a strong, diverse and well-connected local economy	
	Create a green, thriving and vibrant place to be proud of	
	Be a modern, efficient and effective Council	X

1. Summary

- 1.1 This report requests that Members note the current position in relation to the statutory external audit of the Council and the preparation of the Council's financial statements for the year ended 31 March 2020.
- 1.2 It also provides members of the Committee with a draft Audit Findings Report prepared by the Council's external auditors, Grant Thornton UK LLP (Grant Thornton).

2. Recommendations for Decision

Member are requested to:

- (i) **note the current position in relation to the statutory audit of the Council and the preparation of the Council's financial statements for the year ended 31 March 2020;**
- (ii) **consider the draft Audit Findings Report, including the draft Management responses; and**
- (iii) **note the requirement for a further meeting of the Audit and Governance Committee to consider a finalised Audit Findings Report and provide approval for publication of the Council's financial statements for the year ended 31 March 2020.**

3. Purpose of this Report

- 3.1 To provide Members with an update in relation to the statutory external audit of the Council and the preparation of the Council's financial statements for the year ended 31 March 2020 and the necessary actions to bring that process to a conclusion.

4. Background / Reasons for the recommendations

4.1 Background

- 4.1.1 Grant Thornton are the Council's appointed external auditors, with responsibilities set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing the auditor of the Council.

The scope of the audit is set in accordance with the National Audit Office Code and International Standards on Auditing, with auditors responsible for forming and expressing an opinion on the Council's financial statements and the Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in the use of its resources.

- 4.1.2 Prior to the outbreak of Covid-19 the Council and Grant Thornton agreed for the draft Statement of Accounts to be prepared by the statutory date of 31 May 2020 and for the audit to be completed and reported back to the meeting of the Audit and Governance Committee on 27 July 2020.
- 4.1.3 The government recognised the impact Covid-19 would have on both local authorities and auditors, and in April 2020 MHCLG laid the Accounts and Audit Regulations (Coronavirus) (Amendment) Regulations 2020 before Parliament.

The effect of the Regulations is to extend the timetable for local authorities to prepare their draft 2019-20 Statement of Accounts to 31 August 2020, and the deadline for the publication of Statements of Accounts, together with any certificate or opinion of the appointed auditor, to 30 November 2020.

- 4.1.4 As a consequence, the Council and Grant Thornton agreed a date of 11 November 2020 for the Committee to receive the Audit Findings Report for consideration. This date was subsequently revised to 23 November 2020 by agreement, and at the request of the Council's auditors.
- 4.1.5 Whilst Grant Thornton have substantially completed their audit of the financial statements and Value for Money conclusion, they have advised that there are a number of matters that remain as outstanding which would prevent them from finalising the Audit Findings Report and subsequently providing their certificate or final opinion at this point in time. As such it will be necessary for an additional meeting of the Audit and Governance Committee to be scheduled to receive and consider a final Audit Findings Report.
- 4.1.6. A draft Audit Findings Report has been provided and is included in this report at Appendix A. This draft report has been prepared in accordance with the Local Audit and Accountability Act 2014, the National Audit Office Code of Audit Practice and the requirements of the International Standards of Auditing. The draft report provides a summary of the work undertaken to date by the Council's external auditors during their audit of the Council's financial statements and their assessment of how well the Council uses and manages its resources to deliver Value for Money.
- 4.1.7 In carrying out its Value for Money work, the auditors follow the National Audit Office Guidance that requires auditors to evaluate whether, in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.
- 4.1.8 The draft report states that auditors anticipate providing Members with an unqualified opinion on the financial statements, with an Emphasis of Matter paragraph, highlighting property, plant and equipment valuation material uncertainties in respect of the Council's own assets.

- 4.1.9 The draft report also states that, based upon their review, the auditors have concluded that the Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources, with exception reported in relation to Children’s Services.
- 4.1.10 The draft report provides detail of any adjustments that have been made to the Statement of Accounts at this stage of the process. No material adjusting items have been identified.
- 4.1.11 The draft report also highlights the financial challenges that the Council faces and the need to focus on identifying and delivering savings options that are resilient and create long-term sustainability in a post Covid-19 world.
- 4.1.12 Draft management responses have been provided and are contained in the draft report.

5. Community Impact Assessment

- 5.1 The Community Impact Assessment identified no specific key implications.

6. Consideration of Alternatives

- 6.1 None

7 Conclusions

- 7.1 Work undertaken and reported by the auditor to date indicates that the Statement of Accounts produced by the Council give a true and fair view of the Council’s financial position and its expenditure and income for the year and have been prepared in accordance with relevant guidance.
- 7.2 The work undertaken and reported to date also indicates that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources, with exception reported in relation to Children’s Services.
- 7.3 A further meeting of the Audit and Governance Committee will be necessary to conclude the audit process for the year ended 31 March 2020.

8. Implications

8.1 Legal Implications

- 8.1.1 The production of the Council’s Statement of Accounts is a statutory requirement.

8.2 Community Impact Assessment (CIA) Implications

8.2.1 Social Value

- 8.2.1.1 N/A

8.2.2 Sustainability and Environment

- 8.2.2.1 N/A

8.2.3 Health and Wellbeing

8.2.3.1 N/A

8.2.4 Equality and Human Rights

8.2.4.1 N/A

8.3 Customers and Resident

8.3.1 The draft Audit Findings Report sets out the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

8.4 Asset and Property

8.4.1 N/A

8.5 Staffing and Human Resource

8.5.1 None

8.6 Risks

8.6.1 None

8.7 Finance

8.7.1 None

8.8 Policy Framework Implications

8.8.1 None

9. Background papers

9.1 None

10. Appendices

Appendix A – Draft Audit Findings Report (Year Ended 31 March 2020)