



## **Governance Scrutiny Group**

**Thursday, 29 June 2023**

### **Annual Audit Letter**

## **Report of the Director – Finance and Corporate Services**

### **1. Purpose of report**

- 1.1. The attached letter from Mazars summarises progress on the audit process for the 2021/22 financial year. It reiterates the key conclusions of the Auditors' Report on the 2021/22 Accounts and the Report to those Charged with Governance, both of which were considered by the Governance Scrutiny Group on 23 February 2023.
- 1.2. No actions are required in relation to the report although an adjusted misstatement and an unadjusted misclassification were identified as a result of new guidance issued in relation to infrastructure assets in January 2023. In relation to pensions there is also a non-material misstatement arising from a revised pension report issued during the audit. The report is positive, no major concerns have been raised.

### **2. Recommendation**

It is RECOMMENDED that the Governance Scrutiny Group note the receipt of the Annual Audit Letter.

### **3. Reasons for Recommendation**

To ensure that due regard has been given to issues and concerns raised by the Council's external auditors.

### **4. Supporting Information**

- 4.1. The Auditors Annual Report for 2021/22 is attached at Appendix A.
- 4.2. This year was another challenging year. The statutory deadline for signing off the Statement of Accounts was extended for a third year until 30 November 2022. No significant issues have arisen during the 2021/22 financial year with the auditors commenting upon the smooth process of the audit.
- 4.3. Page 8 of the Auditors Annual Report includes reference to a material misstatement that required a prior period adjustment in the 2020/21 accounts and a non material misclassification that will be corrected in the 2022/23 accounts. Both of the above had arisen from new guidance on Infrastructure that had been issued in January 2023. Prior to this new guidance the Council's infrastructure assets had been treated in accordance with CIPFA

guidance and been audited with no issues raised. The new guidance, which was primarily aimed at Highways Authorities, prompted further scrutiny and discussions resulted in the restatement of the 2020/21 accounts (prior period adjustment).

## 5. Risks and Uncertainties

There are no issues arising from this report.

## 6. Implications

### 6.1. Financial Implications

The existing budget covers the fee for audit work of £31,792. In addition to this, Mazars propose fee variations of £29,870 in relation to additional testing due to the changes in the Code of Audit Practice requirements on Pensions and Property, Plant and Equipment, new auditing standards ISA540, new guidance on Infrastructure, prior period adjustment and new VFM approach. These variations are subject to confirmation by Public Sector Audit Appointments (PSAA) and, if approved, will be covered by budget efficiencies identified in the year.

### 6.2. Legal Implications

There are no direct legal implications arising from the recommendations of this report.

### 6.3. Equalities Implications

There are no equalities implications connected to the recommendations of this report.

### 6.4. Section 17 of the Crime and Disorder Act 1998 Implications

There are no Section 17 implications connected to the recommendations of this report.

## 7. Link to Corporate Priorities

Quality of Life	None
Efficient Services	Undertaking a programme of external audit ensures that proper and efficient services are delivered by the Council.
Sustainable Growth	None
The Environment	None

## 8. Recommendations

It is RECOMMENDED that the Governance Scrutiny Group note the receipt of the Annual Audit Letter.

<b>For more information contact:</b>	Peter Linfield Director - Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
<b>Background papers available for Inspection:</b>	None.
<b>List of appendices:</b>	Appendix A – Mazars Annual Audit Letter 2021/22