



**Governance Scrutiny Group**

**Thursday, 23 November 2023**

**Audit Completion Report 2022/23**

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

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

- 1.1. This report presents the attached Audit Completion Report (Appendix A) and Management Representation Letter (Appendix B). This document reports to those charged with Governance the key conclusions in the audit process for the 2022/23 financial year and also comments upon the Statement of Accounts and their quality.
- 1.2. The issuing of the Audit Completion Report did not make the September deadline, as with last year, there were issues linked to delays in the outcome of the Pension Fund audit which feeds into Rushcliffe's (and the other Nottinghamshire authorities) accounts, this was outside of the Council's and Mazars' control.
- 1.3. Mazars have substantially completed the audit in respect of the financial statements for the year ended 31 March 2023. Matters which remain outstanding are outlined in section two of the Audit Completion Report although these are not expected to require modification of the audit opinion. Mazars will provide a verbal update in relation to these at the scrutiny meeting and where necessary by a follow up letter to this Group.
- 1.4. Mazars are also required to report their Value for Money conclusion within 90 days of the Audit Completion and this will therefore be reported to this Group in February 2024 in their Auditor's Annual Report.

### **2. Recommendation**

It is RECOMMENDED that the Governance Scrutiny Group:

- a) Approve the findings of Mazars Audit Completion Report (**Appendix A**)
- b) Approve the Management Representation Letter (**Appendix B**).

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

- 3.1. To ensure that due regard has been given to issues and concerns raised by the Council's external auditors; and to demonstrate compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ('the Code') and various other legislation such as the Accounts and Audit Regulations (2015).

### **4. Supporting Information**

- 4.1. The Audit Completion Report is attached at Appendix A, the Management Representation Letter at Appendix B.
- 4.2. Value for Money (VFM) findings are reported by exception where significant weaknesses are identified in VFM arrangements. Section 7 of the report refers to the Value for Money process and at the time of writing Mazars confirm they have not identified any significant weaknesses in arrangements. Work is ongoing and Mazars will provide commentary on the Council's VFM arrangements in their Annual Audit Letter to be presented to this Group in February 2024.
- 4.3. Section 4 details significant findings and risks addressed. Discussions were held with management on significant matters; the balance of S106 of £40.137m (conditions not met at the balance sheet date) and the loss in fair value of the pooled investment funds, currently £1.234m. As has been reported to this Group, Corporate Overview Group (COG) and Cabinet, the Council has created a new reserve which will mitigate the risk of crystallised losses in capital value of the pooled investments. The current balance stands at £0.973m with a further £0.2m planned this year bringing the total balance to £1.173m.
- 4.4. Section 5 details findings regarding Related Party transactions where two declarations were not received from Councillors who had served during 2022/23 although the Councillors in question did not stand again. The Council does not consider this a systemic problem and ordinarily Related Party Declarations of Interest are received from all Councillors.
- 4.5. Section 6 (page 23) of the Audit Completion Report identifies unadjusted misstatements totalling £0.807m (£0.299m net). However, it should be noted that whilst this figure includes £0.268m of 'expenditure not accrued for' the true value of the omitted accrual is £33k. The £0.268m is an extrapolated figure based on the £33k identified error and the sample size of the testing. Mazars will explain this further at the scrutiny meeting. Page 24 details an adjustment to the Business Rates Pool accrual following confirmation of the amount to be distributed from the Pool lead. There were a number of minor disclosure amendments made and these are detailed on page 25.
- 4.6. There remain significant challenges in the audit environment due to increased audit and resource demands. The Council thanks Mazars for their work in completing the audit this far. The statutory deadline for audit of the accounts

was again not met for the fourth year due to delays in the auditors gaining assurance from the Pension Fund Accounts.

- 4.7. Appendix B details the management representation letter. This letter confirms for the auditors that the Council is satisfied with the validity of the financial statements provided by the Authority to Mazars. If agreed, this letter will be signed at the conclusion of the meeting.

## **5. Risks and Uncertainties**

- 5.1. There are no issues arising from this report.

## **6. Implications**

### **6.1. Financial Implications**

The fees for the audit of the Statement of Accounts are covered by existing budgets.

### **6.2. Legal Implications**

There are no 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.

### **6.5. Biodiversity Net Gain Implications**

There are no Biodiversity Net Gain implications connected to the recommendations of this report.

## **7. Link to Corporate Priorities**

Quality of Life	The Council's financial statements and financial information impacts upon all Council Corporate Priorities.
Efficient Services	
Sustainable Growth	
The Environment	

## **8. Recommendations**

It is RECOMMENDED that the Governance Scrutiny Group:

a) Approve the findings of Mazars Audit Completion Report (**Appendix A**)

b) Approve the Management Representation Letter (**Appendix B**).

<b>For more information contact:</b>	Peter Linfield Executive Manager - Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
<b>Background papers available for Inspection:</b>	Statement of Accounts 2021/22
<b>List of appendices:</b>	Appendix A – Mazars Audit Completion Report 2021/22 Appendix B – The Management Representation Letter