



## Governance Scrutiny Group

Thursday, 25 November 2021

### Audit Completion Report 2020/21

## Report of the Director – Finance and Corporate Services

### 1. Purpose of report

- 1.1. This report presents 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 2020/21 financial year and also comments upon the Statement of Accounts and their quality.
- 1.2. There was a delay in issuing Audit Completion Report, as with last year, there were particular issues linked to delays in the outcome of the Pension Fund audit which feeds into Rushcliffe's (and the other Nottinghamshire authorities) accounts.
- 1.3. Mazars are also required to report their Value for Money conclusion within 90 days of the Audit Completion and therefore will be reported to this group on 3 February 2022 in their Auditor's Annual Report.

### 2. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group approve:

- a. The findings of Mazars Audit Completion Report (**Appendix A**)
- b. 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 legislation such as the Accounts and Audit Regulations (2015)

### 4. Supporting Information

- 4.1. The Audit Completion Report is attached at Appendix A and the Management Representation Letter at Appendix B.
- 4.2. There is a new Code of Audit Practice (the Code) which has changed the way in which external audit report their findings in relation to Value for Money

(VFM) arrangements from 2020/21. Whilst they are still required to be satisfied that the Council has proper arrangements in place, they will now report by exception in their annual report where they have identified significant weakness in those arrangements. This is a significant change to the requirements under the previous Code which required external auditors to give a conclusion on the Council's arrangements as part of their auditor's report. Commentary on the VFM arrangements now form part of the Auditor's Annual Report due to be considered by this group on 3 February 2022. At the time of writing no significant weaknesses have been identified.

- 4.3. For the second year, this audit was more challenging than normal due to the continued implications of Covid-19. The statutory deadline for signing off the Statement of Accounts was extended until 30 September 2021. Unfortunately, this deadline was not met through no fault of the Council but delays in the auditors gaining assurance from the Pension Fund Accounts (again for the second year). Around 90% of Councils have been similarly effected. Irrespective of this and despite new and significant technical requirements surrounding grants and the Collection Fund no significant issues have arisen during the 2020/21 financial year.
- 4.4. 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 existing budget covers the fee for audit work of £31,792. In addition to this, Mazars propose fee variations of approximately £19k in relation to additional testing and work as a result of Covid-19 and changes to the Code of Audit Practice. These variations are subject to confirmation by Public Sector Audit Appointments (PSAA) and, if approved, will be covered partially by a PSAA refund and the remainder by budget efficiencies identified in the year.

### **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.

#### 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 approve:

- a. The findings of Mazars Audit Completion Report (Appendix A)
- b. 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 2020/21
<b>List of appendices:</b>	Appendix A – Mazars Audit Completion Report 2020/21  Appendix B – The Management Representation Letter