

# **East Herts Council Report**

## **Audit and Governance Committee**

**Date of meeting: 16 March 2023**

**Report by: Steven Linnett, Head of Strategic Finance & Property  
(s.151 Officer)**

**Report title: Receipt of the External Auditor's Audit Results  
Report 2020/21**

**Ward(s) affected: All**

**Summary** - The external auditor will present their Provisional Audit Results Report 2020/21 to the Committee setting out the final results of their delayed audit of the 2020/21 statement of accounts. The Committee received an Interim Audit Results Report 2020/21 at its meeting on 5<sup>th</sup> April 2022 ([Web Link to Interim Audit Results Report](#))

### **RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE:**

- a)** Receive the external auditor's Audit Results Report 2020/21

#### **1.0 Proposal(s)**

- 1.1 The delayed 2020/21 statement of accounts audit has been substantially completed and the external auditor has issued a Final Audit Results Report setting out their audit work on the opinion on the 2020/21 statement of accounts, their assessment of risk and audit findings and indicative fee levels which will be decided by Public Sector Audit Appointments Limited. The statement of accounts approval follows on from this item on the agenda.

- 1.2 The report and proposals are the external auditors and whilst officers are consulted on factual accuracy, they have no ability to change anything in the report.
- 1.3 The external auditor's Audit Results Report for 2020/21 is attached at Appendix A.
- 1.4 Officers have agreed to amend the accounts due to an error in the Analyse Local software which is used by a majority of local authorities to assist with Business Rates appeals provisions and also to assist with revenue protection. The Analyse Local software incorrectly included yield losses in future years. The accounts have been adjusted and the Collection Fund Earmarked Reserve, which exists to smooth out unusual movements in financial years relating to appeals and provisions in the Collection Fund has been reduced by £325k so that there is a nil effect on the General Fund.
- 1.5 After the agreed adjustments were made to the accounts and the completion of final work over the last 12 months, the external auditor is now ready to give an unqualified audit opinion on the 2020/21 statement of accounts and an unqualified Value for Money conclusion.

## **2.0 Background**

- 2.1 The Accounts and Audit Regulations 2015 (as amended) require local authorities to publish their audited statement of accounts by 30 September 2021. The external auditor was unable to resource the audit and it did not begin until January 2022. The council was required to publish (which must include publication on the website) a notice stating that it has not been able to publish the statement of accounts and the reasons for this.
- 2.2 Only 9% of local authorities received an audit opinion by 30 September and Members will be aware of the virtual

collapse of the local audit system. Since the Provisional Audit Results Reports was considered in April 2022 almost a year has passed before the audit work was completed.

### **3.0 Reason(s)**

- 3.1 The external auditor is required by auditing standards to present the Committee with their Audit Results Report.

### **4.0 Options**

- 4.1 Members can ask questions and make observations to the external auditor but they cannot reject the Provisional Audit Results Report.

### **5.0 Risks**

- 5.1 The delay to the completion of the audit by a further 12 months has placed strains on the finance team and for the second year running we have had to contend with producing a budget at the same time as dealing with audit queries. The audit of the 2021/22 accounts has begun but it is concerning that this work will overlap with the processes to close the 2022/23 accounts.
- 5.2 The production of the budget alongside the audit placed a huge strain on resources given that the finance team has vacancies and once again and required the Head of Strategic Finance & Property and senior officers in Finance to work long hours and led to the process, again, being both stressful and less than efficient. We also, due to the November ICT outage, missed an upgrade window for the Business Rates Income System which necessitated the forecast of Business Rates in 2023/24 to be compiled manually . This work required 12 business rates and reliefs calculations for all 4,886 hereditaments in the district to be completed. Again, this was a most unwelcome additional

work to assist colleagues in the Revenues Shared Service to produce the calculations for East Herts and Stevenage. As stated last year, this is not a sustainable position going forward and fundamentally the requirements for local authority accounts needs urgent simplification.

## **6.0 Implications/Consultations**

### **Community Safety**

No

### **Data Protection**

No

### **Equalities**

No

### **Environmental Sustainability**

No

### **Financial**

These are contained in the main body of the report

### **Health and Safety**

No

### **Human Resources**

These are contained in the main body of the report

### **Human Rights**

No

### **Legal**

No

### **Specific Wards**

No

## **7.0 Background papers, appendices and other relevant material**

Appendices:

Appendix A –Audit Results Report 2020/21

Background Papers:

None

### **Contact Officer**

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