

East Herts Council Report

Audit and Governance Committee

Date of meeting: 31 May 2023

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

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

Ward(s) affected: All

Summary - The external auditor will present their Auditor's Annual 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 5th April 2022 ([Web Link to Interim Audit Results Report](#)) and a final audit results report at the meeting of the Audit and Governance Accounts Approval Sub Committee at its meeting on 16 March 2023 ([Web link to Final 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 was completed on 16 March 2023 and this report is the external auditor's summary of the work undertaken to support the issuing of an opinion on the 2020/21 statement of accounts.

- 1.2 The issues concerning the accounts were reported to Members on 5th April 2022 and 16th March 2023 and links have been provided in the summary paragraph to the reports and minutes of those meetings. As a result, this report does not consider those issues again.
- 1.3 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.
- 1.4 The external auditor's Audit Annual Report for 2020/21 is attached at Appendix A and their justification for requesting a fee increase from Public Sector Audit Appointments (PSAA) Limited is attached at Appendix B
- 1.5 Officers will make representations to PSAA about the fee increase and the increased costs that such a protracted audit process has required the council to meet and the requirement to repeatedly submit working papers already submitted but which the ever-changing audit team seem not to have filed. Also, as time has progressed, we have had to pay for three actuarial valuations of the pensions assets and liabilities whereas if the audit had been completed in line with the statutory timetable we would not have incurred that expense.

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 then passed before the audit work was completed on 16 March 2023.

3.0 Reason(s)

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

4.0 Options

4.1 Members can ask questions and make observations to the external auditor but they cannot reject the Auditor's Annual Report 2020/21.

5.0 Risks

5.1 The delay to the completion of this audit by 1 and a half years has placed strains on the finance team and we now face the audit of the 2021/22 accounts, which started in January but stopped at the end of March whilst the auditor carries out their NHS audit work and will resume in June. The external auditor estimates the work will be completed in November 2023, but this impinges on the budget process and officers have no confidence that this timetable will be met. There is a risk that the 2023/24 audit will be undertaken before the 2022/23 accounts are audited at the current glacial pace this work progresses.

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 –Auditor’s Annual Report 2020/21

Appendix B – Additional Fees Analysis

Background Papers:

None

Contact Officer

Steven Linnett, Head of Strategic Finance and
Property

Contact Tel No 01279 50 2050

steven.linnett@eastherts.gov.uk

Report Author

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Property

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