

**REPORT TO THE MEETING OF THE
AUDIT & STANDARDS COMMITTEE ON 27TH APRIL 2022**

Status:	Public report
Report Title:	External Audit Annual Report 2020/21
Report Author:	<ul style="list-style-type: none">• Covering Report: Clive Mason, Director; Finance, ICT and Assets• Appendix: Mark Surrige, Director and Key Audit Partner, Mazars LLP
Appendices:	1. External Audit Annual Report 2020/21
Recommendation:	That members note the report and comment as they consider necessary.

1 **Purpose of Report**

1.1 To consider the External Audit Annual Report 2020/21.

Background

1.2 As part of the annual governance review process for all local authorities, each Councils external auditor provides an “Annual Report”. Prior to members considering the 2020/21 Annual Financial Report and Annual Governance Statement later on the agenda, it is opportune for the Committee to consider the external auditors Annual Report for 2020/21 (**Appendix 1**).

What the Annual Report Covers

1.3 As well as a general introduction, the report covers the following areas, each of which will be considered separately:

- Audit of the financial statements.
- Commentary on VfM arrangements
- Other reporting responsibilities

Audit of the financial statements

1.4 The external auditors have confirmed that the 2020/21 financial statements (Annual Financial Report) will receive an unqualified opinion (*) and that “.....the financial statements:

- give a true and fair view of the financial position of the Council as at 31st March 2021 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.”

** The external auditor’s opinion on the Annual Financial Report is subject to no changes occurring between the drafting of this report and the holding of this meeting. The external auditor will confirm at this meeting if their opinion has changed and if so, why?*

Commentary on VfM arrangements

1.5 The external auditor is required to comment on whether the Councils has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Page 21 of the Annual Report (Appendix 1) confirms that (**):

“.....we are satisfied there is not a significant weakness in the Council’s arrangements in relation to improving economy, efficiency and effectiveness.”

*** The view of the external auditor on the Councils proper arrangements is subject to no changes occurring between the drafting of this report and the holding of this meeting. The external auditor will confirm at this meeting if their view has changed and if so, why?*

1.6 However, to come to this conclusion the auditors have to consider three reporting criteria, and these are discussed in **Table 1** below:

The External Auditors conclusion on Value for Money Arrangements at Harborough District Council			Table 1
Criteria	Commentary on Criteria	Risks of significant weaknesses in arrangements identified Yes/No	Actual significant weaknesses in arrangements identified Yes/No
Financial Sustainability	How the Council plans and manages its resources to ensure it can continue to deliver services.	No	No
Governance	How the Council ensures that it makes informed decisions and properly manages its risks.	Yes In March, the external auditor reported to this committee (***) that a significant risk had been identified.	Yes In March, the weaknesses identified were reported to this committee (***), along with the management responses (actions).

The External Auditors conclusion on Value for Money Arrangements at Harborough District Council			Table 1
Criteria	Commentary on Criteria	Risks of significant weaknesses in arrangements identified Yes/No	Actual significant weaknesses in arrangements identified Yes/No
			Confirmation of implementation of the management responses (actions) will be reported to the June meeting of this committee as part of Internal Audits routine reporting.
Improving economy, efficiency and effectiveness	How the Council uses information about its costs and performance to improve the way it manages and delivers its services.	No	No
*** these items were reported in Exempt session.			

Other reporting responsibilities

- 1.7 The external auditor has not had to exercise any of its statutory reporting powers contained within The Local Audit and Accountability Act 2014. Further, it has not received any objections or questions from local electors or other parties.
- 1.8 In respect of “Whole of Government Accounts” (WGA), the Council has not yet received the WGA documentation from HM Treasury (HMT); further :
- HMT have confirmed that audited submissions will not be earlier than July 2022.
 - the external auditor has not yet received instructions from the National Audit Office in respect of the WGA audit requirement.
- 1.9 Members should note that it is expected, as has been the situation in previous years, that the Council is likely to be de-minimus (i.e. below the WGA threshold) but will not be able to confirm until the regulations are issued.

2 Reasons for Recommendations

- 2.2 To ensure that members and stakeholders can consider the external auditors 2020/21 Annual Report prior to consideration of the 2020/21 Annual Financial Report and Annual Governance Statements.

3 Corporate Priorities

- 3.1 The service provides foundation support to all Council services and therefore all corporate priorities.

4 Financial Implications

- 4.1 There are no direct financial implications arising from this report.

5 Risk Management Implications

- 5.1 The external auditors Annual Report provides assurance to the Council in respect of its wider governance and public stewardship arrangements in respect of financial reporting, governance and value for money.

6 Environmental Implications

- 6.1 There are no direct environmental implications arising from this report.

7 Legal Implications

- 7.1 There are no direct legal implications arising from this report.

8 Equality Implications

- 8.1 There are no direct equality implications arising from this report.

9 Community Implications

- 9.1 There are no direct community implications arising from this report.

10 Data Protection Implications

- 10.1 There are no direct data protection implications arising from this report.

11 Consultation

- 11.1 The external audit Annual Report is an unfettered commentary on the activity of the external auditor for the preceding year and details their conclusions in respect of the Councils various governance arrangements; some of which have themselves been subject to separate consultation processes (i.e. statutory consultation in respect of budget setting and the public review of the Annual Financial Report).

12 Options Considered

12.1 Not applicable in this context.

13 Background Papers/Previous Reports

13.1 As noted elsewhere in this report.

Information Issued Under Sensitive Issue Procedure: ~~Y~~/N

Ward Members Notified: ~~Y~~/N