

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title	External Audit Report for the 2021/22 Statement of Accounts
Meeting/Date:	Corporate Governance Committee – 26 April 2023
Executive Portfolio:	Finance and Resources: Councillor B Mickleburgh
Report by:	Director of Finance and Corporate Resources
Ward(s) affected:	All

Executive Summary:

The Council is required by statute to produce both an Annual Governance Statement (AGS) and an Annual Financial Report (AFR). Both documents are produced in line with statutory regulations and are required to be approved by 'those charged with governance'.

The AGS was approved by Committee in September 2022.

In order to approve the accounts, the Committee must:

- Consider the Auditors Report (Audit Results Report) (paragraph 3) which comments on the auditor's findings on the AFR and their view on Value for Money (VfM). Both the AFR of and the VfM position of the Council are expected to receive an unqualified audit opinion. At the time of writing the Auditors Results Report at Appendix A is provisional as the audit is still ongoing.
- Approve the Annual Governance Statement (paragraph 4) which will be updated to include:
 - External audit observations from the annual audit of accounts
 - Recommended actions arising from the audit
- Approve the Letter of Representation (paragraph 5)
- Approve the Annual Financial Report (paragraph 6)

Recommendations:

The Committee is recommended to:

1. Receive the Auditors Results Report (**Appendix 1**)
2. Give delegated powers to the Executive Leader and Managing Director to sign the amended Annual Governance Statement on behalf of the Council.
3. Approve the Letter of Representation (**Appendix 2**) and authorise the Director of Finance and Corporate Resources (as Section 151 officer) to sign it on behalf of the Council.
4. Give delegated powers to the Chairman of the Committee and Director of Finance and Corporate Services (as Section 151 officer) to authorise and sign the Annual Financial Report for 2021/22 (**Appendix 3**) on behalf of the Council, subject to the auditors confirming an unqualified opinion and there being no material adjustments.

1. PURPOSE OF THE REPORT

- 1.1 To complete the processes for finalising and publishing the Council's Annual Governance Statement (AGS) and Annual Financial Report (AFR) for 2021/22.

2. GROUND

- 2.1 The Corporate Governance Committee is designated as 'those charged with governance' and consequently it is required to approve both the AGS and AFR prior to publication. To do this the Committee needs to follow the stages in the order shown in the report.

3. RECEIVING THE AUDITOR'S REPORT

- 3.1 At the time of writing the report the audit is not yet complete with the auditors having some final queries to resolve to enable them to approve the accounts. An up-to-date position will be reported at the Committee by the auditors on outstanding queries and audit review procedures.
- 3.2 The Audit Results Report will be presented to the meeting by the auditors, and a draft is attached at Appendix A. The auditors will verbally update the Committee at the meeting of any further changes since the issuing of the report.
- 3.3 There were no issues raised as 'Control Observations' by the auditors within the Audit Results Report in respect of the SOA for 2021/22.
- 3.4 In addition to reviewing the AFR, the auditors are required to give a view on Value for Money within the Council. The auditors anticipate an unqualified opinion in respect of the Value for Money conclusion.

4. APPROVE THE ANNUAL GOVERNANCE STATEMENT

- 4.1 The Committee, on behalf of the Council is required to review once a year the effectiveness of its system of internal control and following that review approve the AGS. An AGS for 2021/22 was submitted to and approved by CGC in September 2022. This report will be amended to include outputs from the external audit of accounts. The AGS (amended) will be published alongside the AFR.

4.2 The governance statement will be updated to include the following:

- External audit observations from the annual audit of accounts
- Recommended actions arising from the audit

4.3 These issues notwithstanding, the governance arrangements and the internal control environment are considered to be operating effectively.

5 APPROVE THE LETTER OF REPRESENTATION

5.1 Each year a letter has to be given to the auditor by the Council which explains what the Council has done to ensure its financial records are accurate; a draft of the letter is attached at **Appendix B**. It is 'best practice' for the Committee to approve the content of this letter and then authorise the Director of Finance and Corporate Services to sign it on behalf of the Council.

5.2 The Committee is asked to agree the draft letter and once the external auditor has confirmed that both the AGS (amended) and AFR are unqualified, that the Director of Finance and Corporate Services signs it on behalf of the Council.

6 APPROVE THE ANNUAL FINANCIAL REPORT

6.1 The Council is required to produce and approve by the 1 August the Draft AFR, which incorporates the Statement of Accounts. Then 'those charged with governance' are required to approve and the Council is required to publish the AFR; a copy is attached at **Appendix C**. The copy currently attached at **Appendix C** is the draft AFR which could still be subject to amendment as a consequence of audit.

6.2 The Committee is asked to approve the AFR, which includes the Statement of Accounts. Once the external auditor has confirmed that the AFR is unqualified, then the report will be signed on behalf of the Council.

6.3 The issues that have been raised by the auditor in respect of the AFR are detailed within Section 3 of this report and Section 4 of the Auditors' Results Report.

7 KEY IMPACTS

7.1 Paragraph 3 above outlines the control observations and the associated management comments.

8 LINK TO THE CORPORATE PLAN

- 8.1 These documents link into Priority 3 of the Corporate Plan - Delivering good quality, high value-for-money services with good control and compliance with statutory obligations.

9 CONSULTATION

- 9.1 In line with the Account and Audit regulations the AFR was available for inspection.

10 LEGAL IMPLICATIONS

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

11 RESOURCE IMPLICATIONS

- 11.1 There is a specific budget for the Audit Fees.

12 REASONS FOR THE RECOMMENDED DECISIONS

- 12.1 The process that has been followed in preparing the AGS and the AFR has been thorough and in line with statutory regulations.

- 12.2 The issues that have been identified for inclusion within the AGS are referenced within the statement and reflect the current situation.

- 12.3 Both the AGS and the AFR have been subject to external audit and review by the Council's auditors, Ernst and Young LLP.

13 LIST OF APPENDICES INCLUDED

Appendix 1 - Auditors Report – Audit Results Report
Appendix 2 - Draft Letter of Representation
Appendix 3 – 2021/22 Annual Financial Report (Draft)

CONTACT OFFICER

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