

AUDIT AND RISK COMMITTEE

10th November 2020

EXTERNAL AUDITORS REPORT

Report of the Director for Resources

Strategic Aim:	Customer focused services	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr G Brown, Mr G Brown, Deputy Leader and Portfolio Holder for Planning and Finance.	
Contact Officer(s):	Saverio Della Rocca, Director for Resources	01572 758159 sdrocca@rutland.gov.uk
	Andrew Merry, Finance Manager - Technical	01572 758152 amerry@rutland.gov.uk
Ward Councillors	Not Applicable	

DECISION RECOMMENDATIONS

That the Committee:

1. Receive the External Auditors Report and consider any issues arising; and
2. Approve the letter of representation in Appendix 1 for signing by the Chair of this Committee and the s151 Officer.

1 PURPOSE OF THE REPORT

- 1.1 The external auditors report to those charged with governance is appended to this report. The report informs the Committee on matters arising from the audit of the financial statements and the results of the work undertaken to assess the Council's arrangements to secure value for money in its use of resources.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The Statement of Accounts (SoA) was approved for publication by the s151 Officer on 30 June 2020 and submitted to the external auditor, together with accompanying working papers for the start of the audit in July.
- 2.2 A number changes were agreed with the external auditor during the course of the audit and these have been incorporated into the final SoA. Details are included in Appendix 1 of the auditor's report (p18-19).

- 2.3 None of the changes have affected the overall financial position and the General Fund balance at 31 March 2020. At the time of writing this report, Members will be pleased to note that the Council is again expecting an unqualified audit opinion on the SoA.
- 2.4 The Auditors are also expected to conclude that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources – this is the Value for Money (VfM) opinion, see page 15 of the Appendix 1.
- 2.5 Any recommendations or changes to this as a result of any of the outstanding items at the time of publication (p5, appendix A) the audit will be tabled at the meeting when the auditors present their findings.
- 2.6 The Council is required to provide a signed version of the letter of representation (Appendix 2) stating the basis upon which the SoA have been compiled. The external auditors sometimes request specific assurances about certain areas but this is not the case in this instance.

3 CONSULTATION

- 3.1 Under the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 the public have been able to view and comment on the accounts from the 6 July 2020 until 14 August 2020. The Council has had no requests to view or comment on the accounts.

4 ALTERNATIVE OPTIONS

- 4.1 The Audit and Risk committee could choose not to sign the Letter of Representation. However, doing so would result in the Council not meeting its statutory duty to approve and publish audited accounts by the end of November 2020.

5 FINANCIAL IMPLICATIONS

- 5.1 On page 20 of the Auditors report they confirm that they anticipate the audit fee increasing by 15%. This increase is due to the completion of audit work remotely in the context of Covid-19 which has meant that they have had to deploy significantly increased resources in order to complete all work.
- 5.2 The budgeted audit fee was £66,920 (£56,420 for the Accounts Audit, £6,500 for Housing Benefit Subsidy and £4,000 for Teachers Pension Audit). A 15% increase on this fee would equate to £10,038.
- 5.3 There is not enough capacity in the 2020/21 External Audit Budget to accommodate this level of increase so this will create an additional pressure for the Council.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 Section 3 of Part 3 of the Councils Constitution state that it is the responsibility of the Audit and Risk Committee to approve the Councils Annual Statement of Accounts and Annual Governance Statement, which the letter of representation forms part of.

6.2 Other than the statutory requirement to publish the signed audited accounts by the end of November 2020, there are no further legal considerations.

7 DATA PROTECTION IMPLICATIONS

7.1 A data protection impact assessment has not been completed as there are no data protection implications.

8 EQUALITY IMPACT ASSESSMENT

8.1 An Equality Impact Assessment (EqIA) has not been completed because the report does not represent the introduction of a new policy or service or a change / review to an existing policy or service.

9 COMMUNITY SAFETY IMPLICATIONS

9.1 There are no community safety implications.

10 HEALTH AND WELLBEING IMPLICATIONS

10.1 There are no health and wellbeing implications.

11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

11.1 This report presents the opinion from the external auditors and highlights some of the key matters, and asks the Audit and Risk Committee to approve the letter in line with their constitutional responsibility.

12 BACKGROUND PAPERS

12.1 There are no additional background papers to the report.

13 APPENDICES – TO BE PRESENTED AT THE MEETING

13.1 Appendix 1 – External audit report

13.2 Appendix 2 – Letter of representation

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.