

Audit & Governance Committee

Date of Meeting:	09 March 2023
Report Title:	External Audit Findings and Action Plan 2021/22
Report of:	Alex Thompson, Director of Finance & Customer Services
Report Reference No:	AG/17/21-22
Ward(s) Affected:	All

1. Executive Summary

- 1.1.** The Audit Completion Report will be presented to the Committee by Mazars, the Council's external auditors. The report, appended to this paper summarises the findings 2021/22 Audit. The report identifies the key issues that have been considered by Mazars before issuing their opinion on the Council's financial statements and its arrangements for securing economy, efficiency and effectiveness in the use of resources.
- 1.2.** The Audit Completion Report for 2020/21 was presented to the Committee on the 17th January 2022; and a supplementary letter will be provided once their work on the infrastructure assets has been completed, in the near future.
- 1.3.** As a result of the audit work and subsequent findings there have been no material changes to the Statement of Accounts for 2021/22 since it was published on the Council's website on the 29th July 2022.
- 1.4.** The changes that are required following the audit are in the main due to reclassification of assets and re-categorisation of income and expenditure. The overall figures in the main statements to the accounts have remained the same.
- 1.5.** The Value for Money work for 2021/22 is still on-going and an update has been provided by Mazars within their draft audit report (Appendix B, pages

33 to 37 of the External Audit Findings report). Mazars will provide a further update in the Auditor's Annual Report that will be provided within three months from the date of audit opinion.

2. Recommendations

- 2.1.** The Committee receive the Audit Completion Report for the year ending 31st March 2022.
- 2.2.** To note that the accounting policy with regard to the treatment of Infrastructure Assets will be updated in the final audited accounts in line with the Statutory Instrument (SI 2022/123) that was issued on the 25th December 2022.
- 2.3.** To delegate authority to the S151 Officer to:
 - 2.3.1.** Sign off the Statement of Accounts for 2021/22, once the audit has concluded, and to sign off the Statement of Accounts for 2020/21, when the supplementary letter has been received from the auditors
 - 2.3.2.** Notify Committee Members of the final signed Accounts being published on the Council's website.

3. Reasons for Recommendations

- 3.1.** The appointed auditors are required to report to those charged with governance. The Audit Completion Report presents the findings, conclusions and recommendations from audit work undertaken relating to the financial year 2021/22.

4. Other Options Considered

- 4.1.** Not applicable.

5. Background

- 5.1.** The auditors are responsible for giving an opinion on:
 - Whether the accounts give a true and fair view of the financial position of the Council and the Group as at 31st March 2022 and of the Council's and the Group's expenditure and income for the years then ended;
 - Whether they have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22;
 - Whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

- 5.2. The findings in relation to these areas are set out in Sections 3 – 6 of the Audit Completion Report, attached as Appendix A.
- 5.3. As the Council's appointed auditors, representatives of Mazars will attend the Committee to report their findings directly to Members.
- 5.4. There had been an embargo on external auditors being able to sign off the accounts of any Council that is a 'Highway Authority' until a solution had been found to deal with the issues of de-recognition of components and depreciation on Infrastructure Assets. The solution was issued to the Council on 25th December 2022, and the Council has now provided their findings to Mazars for review.
- 5.5. As a consequence of this change in regulations with regard to infrastructure assets the Council's related accounting policy will need to be amended; accordingly; this will be effected in the final audited accounts.

6. Consultation and Engagement

- 6.1. In accordance with Regulation 15(2) (b) of the Accounts and Audit Regulations 2015, the accounts were made available for public inspection between 1 August to 10 September 2022.

7. Implications

7.1. Legal

- 7.1.1. There are no legal implications identified.

7.2. Finance

- 7.2.1. As covered in the report.

7.3. Policy

- 7.3.1. There are no policy implications identified.

7.4. Equality

- 7.4.1. There are no equality implications identified.

7.5. Human Resources

- 7.5.1. There are no human resources implications identified.

7.6. Risk Management

- 7.6.1. The audit has been conducted in accordance with International Standards of Auditing (UK) and means the auditors focus on audit risks that have been assessed as resulting in a higher risk of material misstatement.

7.7. Rural Communities

7.7.1. There are no direct implications for rural communities.

7.8. Children and Young People/Cared for Children

7.8.1. There are no direct implications for children and young people.

7.9. Public Health

7.9.1. There are no direct implications for public health.

7.10. Climate Change

7.10.1. There are no direct implications for climate change.

Access to Information	
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Appendices:	Appendix A – Audit Completion Report
Background Papers:	Statement of Accounts and Annual Governance Statement for 2021/22