

REPORT TO:	AUDIT COMMITTEE	
DATE:	18 September 2023	
PORTFOLIO:	Councillor Peter Britcliffe - Deputy Leader of the Council, Resources	
REPORT AUTHOR:	Martin Dyson, Executive Director (Resources)	
TITLE OF REPORT:	Internal Action Plan	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	No	Not applicable
KEY DECISION:	No	If yes, date of publication:

1. Purpose of Report

- 1.1 The report is to inform the committee on the management actions required following the external audit work on the Annual Statement of Accounts 2020/2021 and the Councils' Value for Money Arrangements for 2020/2021.
- 1.2 The report also updates on the Councils' status with subsequent years accounts production and updates the committee on the national position regarding the backlog of external audit work.

2. Recommendations

- 2.1 The Audit Committee is recommended to note:

- the auditor's recommendations on the Statement of Accounts 2020/2021 with the management Actions listed at Appendix A.
- the auditor's recommendations on the Value for Money arrangements with the management Actions listed at Appendix B.
- the updates provided on the 2021/2022 and 2022/2023 Statement of Accounts and external audits.
- the update on the national position of the external audits and the work being undertaken by the relevant bodies to find a solution(s) to the backlog.

3. Reasons for Recommendations and Background

- 3.1 The last meeting of the Audit Committee 26th June 2023, a recommendation was passed to update the committee on any management actions required resulting from external audit recommendations and the latest position on the production and audit of any subsequent years accounts. This item will be a regular update at all future meetings.
- 3.2 There is a national backlog on the sign off of local authorities' accounts and the government Department for Levelling Up, Housing and Communities (DLUHC)

along with the Public Sector Audit Appointments (PSAA) and the Financial Reporting Council (FRC) have been tasked with taking steps and finding a solution to remove the current backlogs.

- 3.3 The current backlogs recently showed that over 500 plus sets of accounts were still unaudited relating to the year 2020/2021 and earlier and over 215 from the year 2021/2022.
- 3.4 To date there has been no formal agreement on how to remove this backlog and once a road map for improvement has been agreed it will be shared with all Councils' and external audit firms.

4. The 2020/2021 Statement of Accounts and Value for Money Assessment

- 4.1 The final audit annual report and completion certificate for the year 2020/2021 was issued by Mazars on the 10th August 2023.
- 4.2 There were 8 audit recommendations identified in relation to deficiencies in the level of internal control throughout the 2020/2021 audit process. These deficiencies were ranked by priority of high, medium and low.
- 4.3 Appendix A of this report details the recommendations highlighted and the auditors view of the deficiency and potential effect.
- 4.4 The appendix also shows the actions that management have undertaken to address the recommendations raised by Mazars.
- 4.5 The value for money review undertaken, which is included in the auditors annual report is summarised at appendix B of this report. This showed significant weaknesses in the governance reporting arrangements around financial reporting.
- 4.6 The management actions shown in appendix B show what steps have been taken to address these issues.

5. The 2021/2022 Draft Statement of Accounts

- 5.1 The un-audited accounts for 2021/22 was published on the Councils' website on the 8th August 2023.
- 5.2 The accounts were completed beyond the statutory deadline of 31st July 2022 and the external audit of these accounts has now been delayed until January 2024.
- 5.3 There are several factors that have delayed the production of these accounts and the subsequent audit. These relate to:
 - Changes resulting from the previous years' audit on the 2020/2021 statement of accounts.
 - Staffing resources within the Council due to sickness, recruitment and the retirement of key staff involved in the preparation of the accounts.
 - External audit recommendation requesting a recalculation to the pension's information provided by the actuary. This will reduce the potential for material changes in values for the final approved audited accounts.

- Staffing resources for the external auditors.

5.4 It is expected that the external audit of 2021/2022 accounts will now take place in January 2024.

6. The 2022/2023 Draft Statement of Accounts

6.1 The un-audited accounts for 2022/23 have not to date been published on the Councils' website.

6.2 The delay in publishing these accounts relates to a known discrepancy in the recalculated figures provided by the pension actuary and until this is resolved there will be a further delay in placing the accounts on the Council's website.

6.3 To date there is no formal agreement on a timeframe for the audit of these accounts and this may be dependent upon the outcome of the solution(s) reached to determine the reduction of the national audit backlog situation.

7. Alternative Options considered and Reasons for Rejection

7.1 There are no alternative options.

8. Consultations

8.1 None

9. Implications

Financial implications (including any future financial commitments for the Council)	None arising from this report.
Legal and human rights implications	Accounts and Audit Regulations 2015 require the Council to approve and publish its audited Statement of Accounts by 31st November. Councillors' will be asked to approve the accounts for 2021/2022 at a later meeting in the new year once the audit has taken place.
Assessment of risk	None.
Equality and diversity implications <i>A Customer First Analysis should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	None.

10. Local Government (Access to Information) Act 1985: List of Background Papers

10.1 None.