

# THE 2021/22 FINANCIAL REPORT AND DRAFT AUDIT COMPLETION REPORT

## REPORT OF THE TREASURER

**For Information**

### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present Mazars' draft Audit Completion Report and the 2021/22 Financial Report (including the 2021/22 Statement of Accounts).

### 2. RECOMMENDATIONS

- 2.1 It is recommended Members note:
- i) the amended 2021/22 Financial Report (including the 2021/22 Statement of Accounts) at Appendix B in line with amendments proposed in the draft Audit Completion report (ACR); and
  - ii) the audit cannot be finalised until Mazars have received assurances from the Pension Fund auditors. Details will be reported to a future meeting.

### 3. BACKGROUND

- 3.1 In accordance with the Accounts and Audit Regulations 2015, all Local Authorities are normally required to produce an annual Statement of Accounts by 31<sup>st</sup> May. These regulations have been temporarily relaxed and the deadline for 2021/22 was 31<sup>st</sup> July. The draft accounts were published on the Authority's website on 24<sup>th</sup> June and presented to this Committee on 26<sup>th</sup> August 2022.
- 3.2 The Financial Report presents the Authority's financial position for 2021/22 in a specified format and reflects the Outturn Strategy previously approved by the Authority.
- 3.3 The Authority was informed by its external auditors Mazars that their annual report would not be published by the deadline of 30<sup>th</sup> September 2022. Members of this Committee received a copy of their letter which was also published on the Authority's website. Mazars have been unable to complete the audit by the statutory deadline owing to outstanding assurances from the Pension Fund auditors.

### 4. AUDIT COMPLETION REPORT

- 4.1 A draft copy of the Audit Completion Report (ACR) is included at Appendix A. It should be noted that whilst the External Auditors have substantially completed their work the audit is not complete. Outstanding areas are highlighted in Section 2 of the ACR.

- 4.2 Outstanding work in relation to Property, Plant and Equipment and Other will be completed before the end of November. However, outstanding work in relation to the Net Defined Benefit Liability (Pensions) cannot be completed until assurances have been received from the Pension Fund auditor, which are provided by another audit firm. At the time of writing this report the timescale is not known.
- 4.3 An update in relation to the outstanding matters will be reported in the final ACR which will be presented to a future meeting.
- 4.4 As Members will be aware the purposes of the Audit Completion Report (ACR) are:
- to share information to assist both the auditor and those charged with governance (i.e. Members of the Audit and Governance Committee) to fulfil their respective responsibilities;
  - to provide constructive observations arising from the audit process to those charged with governance;
  - to ensure as part of a two way communication process the external auditors, gain an understanding of the attitude and views of those charged with governance at the Council of internal and external operational, financial, compliance and other risks which might affect the accounts, including the likelihood of those risks materialising and how they are managed; and,
  - to receive feedback from those charged with governance on the performance of the engagement team.
- 4.5 A small number of disclosure amendments were identified by the Auditor during the audit and it was agreed to amend the Accounts to reflect these issues detailed in Section 6 (page 17) of the ACR.
- 4.6 In summary, receipt of the draft ACR is a key milestone in the audit process and the audit work completed to date has not identified any issues which impact on the Authority's reserves. It is not expected that the remaining work will identify any issues which will impact on reserves.
- 4.7 The external Auditors will be present to explain the ACR and answers any questions.

**CHRIS LITTLE**  
**TREASURER**