

THE FINAL 2020/21 FINANCIAL REPORT AND AUDIT COMPLETION REPORT



REPORT OF THE TREASURER

For Recommendation

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present Mazars' Audit Completion Report and the audited 2020/21 Financial Report (including the 2020/21 Statement of Accounts).

2. RECOMMENDATIONS

- 2.1 It is recommended that Members note that the 2020/21 Financial Report (including the 2020/21 Statement of Accounts) will be referred to the Executive Committee on the 26 November 2021 for approval.

3. BACKGROUND

- 3.1 In accordance with the Accounts and Audit Regulations 2015, updated for (Coronavirus) (Amendment) regulations 2020 all Local Authorities were required to produce the draft annual Statement of Accounts by 31 July 2021. These regulations have temporarily relaxed the previous deadlines for producing the draft accounts from the 31 May and completion of final audited accounts from July to September.
- 3.2 The Financial Report (Appendix 1) presents the Authority's financial position for 2020/21 in a specified format and reflects the Outturn Strategy previously approved by the Authority.
- 3.3 The drafts accounts were prepared by 16 July 2021. The draft accounts were presented to this Committee on 27 August 2021. Achieving the July deadline was extremely challenging owing to the additional work finance staff were undertaking when preparing the accounts.
- 3.4 The Authority was informed by its external auditors Mazars that their annual report would not be published by the deadline of 30 September 2021. Members of this Committee received a copy of their letter which was also published on the Authority's website. In previous years Mazars have always completed the audit by the statutory deadline.
- 3.5 The challenges faced by Mazars in completing the 2020/21 audit are not unique and the Public Sector Audit and Appointments (PSAA) have recently announced that only 9% of 2020/21 accounts were completed by the 30 September deadline. This position underlines the challenges facing external auditors over the last few years as the percentage of audits completed by the statutory deadline has reduced significantly, as summarised below:

	National Percentage of audits complete by statutory deadline	Completion of Hartlepool Audit by statutory deadline
2014/15	97%	Yes
2015/16	97%	Yes
2016/17	95%	Yes
2017/18	87%	Yes
2018/19	57%	Yes
2019/20	45%	Yes
2020/21	9%	No

3.6 At the Fire Authority meeting on 30 July 2021 Members approved the following arrangements to accommodate Mazars' timetable for completing the 2020/21 audit:

- Audit and Governance Committee 19 November 2021 – consider Mazars Audit Completion Report (ACR) ;
- Executive Committee 26 November 2021 – exercise the delegation approved by the full Authority to approve the 2020/21 Statement of Accounts, including consideration of Mazars' ACR and feedback from the Audit and Governance Committee.

4. AUDIT COMPLETION REPORT

4.1 As Members will be aware the purposes of the Audit Completion Report (ACR), attached at Appendix 2, 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.

4.2 The external Auditors will be present to explain the ACR and answer any questions.

CHRIS LITTLE
TREASURER