

THE FINAL 2020/2021 FINANCIAL REPORT AND AUDIT COMPLETION REPORT

REPORT OF THE TREASURER



For Approval

1. PURPOSE OF REPORT

1.1 The purpose of this report is to:

- i) present Mazars' Audit Completion Report; and
- ii) enable Members to approve the final 2020/21 Financial Report (including the 2020/21 Statement of Accounts).

2. RECOMMENDATIONS

2.1 It is recommended that in accordance with the delegation approved by the full Authority on the 30 July 2021 Members:

- i) Note the report was considered by the Audit & Governance Committee on the 19 November 2021 and verbal feedback will be provided at your meeting;
- ii) consider the matters raised in Mazars' Audit Completion Report detailed in Appendix A;
- iii) note that the Chairman will sign the Letter of Representation attached at Appendix B; and,
- iv) approve the final 2020/21 Financial Report attached at Appendix C, which incorporates the changes agreed with Mazars.

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 31st July 2021. These regulations have temporarily relaxed the previous deadlines for producing the draft

accounts from the 31st May and completion of final audited accounts from July to September.

- 3.2 The draft accounts were prepared by 16th July 2021 and presented to the Audit and Governance Committee on 27th August 2021. Achieving the July deadline was extremely challenging owing to the additional work finance staff were undertaking when preparing the accounts.
- 3.3 The Authority was informed by its external auditors Mazars that their annual report would not be published by the deadline of 30th September 2021.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.
- 3.4 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 30th 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 Cleveland Fire Authority 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

- 3.5 The Audit Completion Report and the final 2020/21 Financial Report were presented to the Audit & Governance Committee on 19 November 2021.

4. MAZARS AUDIT COMPLETION REPORT

- 4.1 A copy of the Audit Completion Report (ACR) is attached at Appendix A. However, it should be noted that at the time of issuing the ACR the External Auditors had substantially completed their work the audit is not complete. If required an update in relation to any outstanding matters will be reported in a follow-up letter prior to the auditor's report being signed. The external Auditors will be present to explain the ACR and answers any questions.
- 4.2 As Members will be aware the purposes of the 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.

4.3 Any adjustments or misstatements are reported within the ACR.

4.4 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 issued detailed in Section 6 (page 19) of the ACR.

4.5 Key positive issues reported in the Audit Completion Report include:

- confirmation that the draft accounts were received on time and were of a good quality and that the supporting working papers were also of a good quality;
- that Mazars anticipate issuing an unqualified opinion of the statement of accounts; and
- that the Authority has proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

5. **CONCLUSIONS**

5.1 The external auditors are planning on the audit of the 2020/21 Accounts being complete by the time this Committee meets. Any issues have either been reported as part of the ACR, or will be included in the update letter presented to this Committee.

CHRIS LITTLE
TREASURER TO THE AUTHORITY