

External Audit - 19/20 Accounts Update

Audit & Scrutiny Committee Tuesday, 2 November 2021

Report of: Chief Finance Officer (Section 151)

Purpose: For information

Publication status: Open

Wards affected: All

Executive summary:

As resolved at the Audit & Scrutiny Committee of 30 September 2021, the Council's external auditors, Deloitte, will provide a verbal update to inform the Committee on the current position of the signing of the Council's 2019/20 accounts.

This report supports the Council's priority of: Building a better Council

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Recommendation to Committee:

That Deloitte's update be noted, and that authority be delegated to the Council's Section 151 Officer in consultation with the Chair of the Audit and Scrutiny Committee, to give final approval to those Accounts, as per the original recommendation of the Audit & Scrutiny Committee of 26 November 2020.

Reason for recommendation:

There is a legal requirement for the Council to sign off the 2019/20 accounts as soon as possible.

Introduction and background

1. At the Audit & Scrutiny Committee on 30 September 2021, Deloitte provided a verbal update to the Committee on the current position of the signing off of the Council's 2019/20 and 2020/21 accounts.
2. The Council does not currently have an indicative date for when the 2019/20 accounts would be completed. Deloitte were also unable to provide the substantive reasons for the delay. Consequently, the Committee resolved that Deloitte provide the following further information:
 - a. the overall reason for the 2019/20 accounts sign off delay;
 - b. what principal actions were needed to complete sign off; and
 - c. a forecast sign off date.

The verbal update that will be provided to the Committee is Deloitte's response to the above resolution.

3. It should be noted that information relating to the signing off the 2020/21 accounts are outside the scope of this report.

Other options considered

No other options were considered as the completion of the 2019/20 is a statutory requirement.

Key implications

Comments of the Chief Finance Officer

There are no direct financial implications of the report. The signing of Accounts by the external auditors is a statutory requirement and the Council will continue to work with Deloitte in whatever capacity required to achieve sign off.

Comments of the Head of Legal Services

In June 2019, the Secretary of State for Housing, Communities and Local Government (MHCLG) asked Sir Tony Redmond to undertake an independent review (Redmond Review) of the effectiveness of local audit and the transparency of local authority financial reporting. The response of the Ministry of Housing, Communities and Local Government (MHCLG) was published in 2020 with an update in May 2021. Whilst some recommendations have been agreed, others are being considered further with further guidance awaited later in the year.

One of the areas of focus of the review related to the timescales that both local authorities and external auditors must comply with because of a significant proportion of the audits not meeting the existing statutory deadlines. The Redmond report concluded that the local audit market is very fragile and that the current fee structure does not enable auditors to fulfil the role in an entirely satisfactory way. With 40% of audits failing to meet the required deadline for report in 2018/19, there is a serious weakness in the ability of auditors to comply

with their contractual obligations. The findings from the Review have a direct bearing and relevance to the audit of the Council's 2019/20 accounts. The timeliness of the Council's ability to publish the audited results of the 2019/20 audit means that it will be quickly superseded by the 2020/21 accounts. Failure to produce a final set of accounts for 2019/20 is not only a statutory breach but also has consequential reputational damage to the Council.

Equality

There are no Equalities implications directly arising from the statutory audit of the financial statements.

Climate change

There are no Climate Change implications directly arising from the statutory audit of the financial statements.

Appendices

None.

Background papers

None.

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