

Meeting:	Audit and governance committee
Meeting date:	Tuesday 24 September 2019
Title of report:	External auditors report
Report by:	Chief finance officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To update the committee on the conclusion of the external audit work for 2018/19.

The council's external auditor, Grant Thornton, has confirmed an unqualified audit opinion for value for money, concluding that the council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

This is one of a number of reports which the committee receives in order that it may provide independent assurance on the adequacy of the risk management framework together with the internal control of the financial reporting and annual governance processes

Recommendation(s)

That:

- (a) the committee note the external audit findings report attached at appendix A; and**
- (b) the committee determine whether any issues raised in the report require inclusion in the committee's future workplan.**

Alternative options

1. There are no alternative options to receiving the report.
2. It is open to the committee to determine its future work programme to enable it to provide assurance on the adequacy of the council's risk management, financial reporting and annual governance processes. It is also open to the committee to comment on the scope and depth of external audit work and to ensure it gives value for money

Key considerations

3. The external audit report presented to the committee at its meeting on 30 July 2019 excluded the value for money (VfM) conclusion due to ongoing work. That work has now concluded and the external auditor has confirmed that the council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources (see appendix 1).
4. Grant Thornton assessed a significant value for money risk in responding to concerns raised around the governance of the capital programme following a number of critical Internal Audit reviews. A separate issue has recently arisen that demonstrates ongoing weaknesses in the council's arrangements in capital procurement, reported separately by internal audit, in the progress report to the Council's Audit and Governance Committee in September 2019. The internal audit report identifies that the tendering process did not sufficiently consider financial turnover or financial stability of potential contractors. Grant Thornton recommend that the council should, as a priority, now review its governance arrangements over capital projects to ensure that information is being documented appropriately so that informed decision-making takes place. In this instance, the risk was identified at a sufficiently early stage, no contract had been awarded, for reasons unconnected with this issue, and there has been no financial loss to the council. Grant Thornton consider they have sufficient evidence to conclude that the risk is sufficiently mitigated and there is no impact on the VfM conclusion.
5. Grant Thornton are not in position to issue the certificate of completion of the 2015/16 audit due to an ongoing matter that is yet to be resolved, work to resolve this matter has continued since the last committee meeting, however this has not yet been concluded, and it is not currently possible to provide a timeline within which a conclusion will be reached.

Community impact

6. In accordance with the code of corporate governance to support effective accountability the council is committed to reporting on actions completed and outcomes achieved, and ensuring stakeholders are able to understand and respond as the council plans and carries out its activities in a transparent manner. External audit contributes to effective accountability.

Equality duty

7. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
8. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this report is for information, we do not believe that it will have an impact on our equality duty.

Resource implications

9. Additional external audit costs arising from the work necessary to inform the value for money opinion is reported separately to this meeting.

Legal implications

10. In accordance with section 20 of the Local Audit and Accountability Act 2014 (the Act) the external auditor must be satisfied (a) that the accounts comply with the requirements of the enactments that apply to them, (b) that proper practices have been observed in the preparation of the statement of accounts, and that the statement presents a true and fair view, and (c) that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
11. On conclusion of the audit the auditor must enter on the statement of accounts (a) a certificate that the auditor has completed the audit in accordance with the Act, and (b) the auditor's opinion on the statement. Both these statements have been included in the external audit findings report.

Risk management

12. The council's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control. The external audit is not designed to test all internal controls or identify all areas of control weakness, however, if external audit identify any control weaknesses, these are reported. The external audit findings report attached at appendix A details the conclusions of the audit work.

Consultees

13. None

Appendices

Appendix A External audit findings report

Background papers

None identified