

## **Title of report: Annual external audit letter 2019/20**

**Meeting: Audit and governance committee**

**Meeting date: Friday 30 July 2021**

**Report by: Chief finance officer**

### **Classification**

Open

### **Decision type**

This is not an executive decision

### **Wards affected**

(All Wards)

### **Purpose**

For the committee to receive the external auditor's annual audit letter for 2019/20 and determine whether further action or inclusion in the committee's work programme is appropriate.

The annual audit finding reports is also being presented today; formal receipt of the annual audit letter completes the annual external audit process.

### **Recommendation(s)**

**That:**

- a) having regard to the external auditor's annual audit letter 2019/20, attached at appendix A, the committee determine any further actions to be recommended or items to be included in the work programme**

## **Alternative options**

1. None, the sharing of an annual audit letter from the external auditors forms part of a statutory external audit process, therefore no alternatives are appropriate.

## **Key considerations**

2. The code of audit practice in local government requires external auditors to report to those charged with governance the conclusions they have drawn from their audit work and their opinion on the financial statements and value for money. The annual audit letter 2019/20, attached at appendix A provides this detail. It follows the audit findings report shared with the committee at this same meeting. The committee is requested to consider whether any additional action relevant to the remit of the audit and governance committee is required.
3. The external auditors issued an unqualified opinion on the statement of accounts for 2019/20 and a qualified conclusion was issued in respect of the value for money assessment for 2019/20. The external auditors are satisfied that the council has proper arrangements in place securing the economy, efficiency and effectiveness in its use of resources except for in relation to the governance over the capital programme and Children's Services.
4. Grant Thornton have completed the audit of the financial statements of the council in accordance with the requirements of the Code of Audit Practice in July 2021 and, due to the matter that had resulted in certificates of completion being withheld for a number of years being recently resolved, they were also able to certify completion of all prior years.

## **Community impact**

5. The council is responsible for ensuring that appropriate safeguards are in place to ensure that it operates effective governance arrangements and internal controls; the reports and opinions of external audit inform future improvement action.
6. One of the principles in the council's code of corporate governance is to implement good practices in transparency, reporting, and audit to deliver effective accountability. 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.
7. External audit contributes to effective accountability.

## **Environmental impact**

8. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
9. Whilst this is a decision on back office functions and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's Environmental Policy.

## **Equality duty**

10. 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.
11. 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 is a factual summary, we do not believe that it will have an impact on our equality duty.

## **Resource implications**

12. The cost of the external audit is provided in the appendix, pages 16 and 17. The cost has been increased where the scope of audit work has changed and additional work has been required. The fee variation is subject to public sector audit appointments ltd (PSAA) approval.

## **Legal implications**

13. The annual audit letter is shared as part of the statutory duty of the external audit function as set out in the Local Audit and Accountability Act 2014
14. The authority of the committee to review the external audit letter 2019/20 is set out in the constitution at paragraph 3.5.11.

## **Risk management**

15. Appendix A identifies significant audit risks, the external audit response and findings and conclusions. The audit plan for 2020/21 elsewhere on today's agenda details the risk response to the value for money weaknesses identified.

## **Consultees**

16. None

## **Appendices**

Appendix A      Annual external audit letter 2019/20

## **Background papers**

None identified.