

Title of report: 2020/21 external audit findings report

Meeting: Audit and governance committee

Meeting date: Wednesday 24 November 2021

Report by: Head of corporate finance

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards)

Purpose

To consider the external auditors audit finding report for the year ended 31 March 2021.

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 report of the external auditor attached at appendix A be considered; 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 findings report is attached at Appendix A and details the work and findings completed in relation to the council's financial statements of accounts for the year ended 31 March 2021.
4. The external auditor provides an independent opinion as to whether the group, being Herefordshire Council and Hoople Limited, financial statements give a true and fair view of the group and council's financial position and of the group and council's expenditure and income for the year, and have been properly prepared.
5. In addition the external auditor is required to determine if the council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the councils overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit. This is called the Auditors Annual Report. Grant Thornton expect to issue this by 28 February 2022 which is in line with the National Audit Offices revised deadline of no more than three months after the date of the opinion on the financial statements.
6. Grant Thornton are expected to issue an unqualified opinion on the statement of accounts and there are currently no issues to bring to the attention of the committee. The use of key judgements and estimates in the accounts have been assessed as appropriate, neither optimistic nor cautious.

Community impact

7. 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.

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 report for information 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 report for information, we do not believe that it will have an impact on our equality duty.

Resource implications

12. The external audit fee detail is provided on page 30 of the appendix. Grant Thornton agree the fee payable through Public Sector Audit Appointments (PSAA) who manage the external audit contract.

Legal implications

13. There are no legal implications arising from this report.

Risk management

14. 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 work continues in this area, the audit findings report attached at appendix A details the conclusions on work completed.

Consultees

15. None

Appendices

Appendix A The Audit Findings for Herefordshire Council report - 2020/21

Background papers

None identified