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# The Audit Findings for West Berkshire Council – Financial Year Ended 31 March 2020

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<b>Committee considering report:</b>	Governance and Ethics Committee
<b>Date of Committee:</b>	1 February 2021
<b>Portfolio Member:</b>	Councillor Ross Mackinnon
<b>Date Portfolio Member agreed report:</b>	21.1.2021
<b>Report Author:</b>	Shannon Coleman-Slaughter
<b>Forward Plan Ref:</b>	GE3934

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## 1 Purpose of the Report

- 1.1 This report provides members with the draft audit findings report provided by Grant Thornton in respect of their external review of the 2019/20 Financial Statements. The purpose of the report is to consider the findings of the external auditors and any implications for the Governance and Ethics Committee in approving the financial statements.

## 2 Recommendation

- 2.1 For members to note this report.

## 3 Implications and Impact Assessment

Implication	Commentary
<b>Financial:</b>	The cost of the audit has been subject to audit fee amendments presented to the G&E committee previously.
<b>Human Resource:</b>	Not applicable
<b>Legal:</b>	Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), the external auditors are required to report whether, in their opinion, the Council's financial statements:

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	<ul style="list-style-type: none"> <li>• give a true and fair view of the financial position of the Council and Council's income and expenditure for the year; and</li> <li>• have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.</li> </ul>			
<b>Risk Management:</b>	Not applicable			
<b>Property:</b>	Not applicable			
<b>Policy:</b>	Not applicable			
<b>Equalities Impact:</b>				
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
<b>Environmental Impact:</b>		X		
<b>Health Impact:</b>		X		
<b>ICT Impact:</b>		X		

<b>Digital Services Impact:</b>		X		
<b>Council Strategy Priorities:</b>		X		
<b>Core Business:</b>		X		
<b>Data Impact:</b>		X		
<b>Consultation and Engagement:</b>	Joseph Holmes (Executive Director for Resources, S151 Officer) Andy Walker (Head of Finance & Property)			

## 4 Executive Summary

- 4.1 This report provides members with the draft audit findings report provided by Grant Thornton in respect of their external review of the 2019/20 Financial Statements.
- 4.2 The Council's appointed external auditors are required under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), to report on, in their opinion, if the Council's financial statements:
  - 4.3 Give a true and fair view of the financial position of the Council and Council's income and expenditure for the year; and have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.
  - 4.4 The external auditors are also required to report on whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is not materially inconsistent with the financial statements or knowledge obtained in the process of the audit, or otherwise appears to be materially misstated.
  - 4.5 The external audit of the 2019/20 Financial Statements was commenced in September 2019. This was later than expected due to the Covid-19 pandemic where deadlines were amended. The Council was allowed an extension for the presentation of the draft financial statements from May 2020 to August 2020. Audit deadlines were extended by a month to November 2020. There have been some delays to the audit, including awaiting the completion of the audit of the Berkshire Pension Fund hosted by the Royal Borough of Windsor and Maidenhead.
- 4.6 The draft audit findings report produced by Grant Thornton is included in appendix A.

## 5 Supporting Information

### Summary of findings

- 5.1 The audit report highlights the findings by GT. In summary, the accounts are due to certified with no qualifications. GT have raised a number of issues for the Council to work further on the future financial year. There has also been an improvement on audit process between the Council and GT compared to previous year and an improvement in some of the Council's preparations, with more focus made on the review of the financial statements, working papers and preparation timescales.
- 5.2 The audit report also highlighted an unqualified opinion on the Value for Money assessment and completed the audit requirement that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 5.3 There have been some important findings from GT for the Council to work on in the future. The main three areas being:
- Further improvement required to the General Ledger which will be addressed through further enhancements of the current system and an upgrade of the existing system in the next financial year.
  - Further, and more effective review, of the financial statements in respect of property plant and equipment
  - An enhanced focus on the fixed asset register and further work on cleansing and improving this area of the financial system.
- 5.4 An action plan can be found in the audit findings report with a management response against each recommendation to address the issues raised.

## 6 Other options considered

- 6.1 No other options considered; this is a statutory requirement.

## 7 Conclusion

- 7.1 The report highlights an unqualified opinion on the main financial statements and the Value for Money. This is an important summary report for the Council to demonstrate its continued strong financial stewardship.

## 8 Appendices

- 8.1 Appendix A – GT Audit Findings report on the 2019-20 financial statements

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### Background Papers:

none

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**Subject to Call-In:**

Yes:  No:

- The item is due to be referred to Council for final approval
- Delays in implementation could have serious financial implications for the Council
- Delays in implementation could compromise the Council's position
- Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months
- Item is Urgent Key Decision
- Report is to note only
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