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# Revised 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>	19 April 2021
<b>Portfolio Member:</b>	Councillor Ross Mackinnon
<b>Date Portfolio Member agreed report:</b>	Sent to Portfolio Member on 8 April 2021
<b>Report Author:</b>	Shannon Coleman-Slaughter
<b>Forward Plan Ref:</b>	GE3934a

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## 1. Purpose of the Report

This report provides Members with the revised draft audit findings report provided by Grant Thornton in respect of their external review of the 2019/20 Financial Statements.

## 2. Recommendation

That delegated authority to sign the 2019/20 Financial Statements is delegated the Council's Executive Director for Resources (S151 Officer) and the Chair of the Governance & Ethics Committee, once the Council's appointed external auditors Grant Thornton provide a formal opinion on the 2019/20 Financial Statements and in the absence of further material changes.

## 3. Implications and Impact Assessment

Implication	Commentary
<b>Financial:</b>	Not applicable
<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: <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

	Positive	Neutral	Negative	Commentary
<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 or Digital Services Impact:</b>		X		
<b>Council Strategy Priorities or Business as Usual:</b>		X		
<b>Data Impact:</b>		X		
<b>Consultation and Engagement:</b>	Joseph Holmes (Executive Director for Resources, S151 Officer)			

## 4. Executive Summary

- 4.1 This report provides members with the revised 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:

- (a) Give a true and fair view of the financial position of the Council and Council's income and expenditure for the year; and
- (b) 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.

4.3 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.

4.4 The external audit of the 2019/20 Financial Statements was commenced in October 2020 and a draft report was provided to the February 2021 Governance and Ethics Committee.

4.5 The revised draft audit findings report produced by Grant Thornton is included in appendix A with amendments being made to the February report in respect of the pension audit, administered by the Royal Borough of Windsor and Maidenhead.

4.6 The draft opinion per the attached draft findings report as supplied by Grant Thornton is:

“We continue to work on our audit of your financial statements and subject to completion of this work and any outstanding queries being resolved, we anticipate issuing an unqualified audit opinion. We are awaiting the assurance letter from the pension fund auditor and will sign once this has been received and reviewed. We received the letter in mid-February and this identified a number of issues. We have requested an updated letter and will be able to issue the opinion once this work is complete. Other work outstanding is:

- receipt and review of the updated Pension Fund Auditor letter of Assurance
- going concern review
- receipt of management representation letter; and
- review of the final set of financial statements.”

4.7 The Audit Findings Report has been revised for a material adjustment of £4.4 million to the Council's financial statements in respect of the pension reserve. The material adjustment as detailed in the section titled Significant Audit Risks of the attached Audit Findings Report and is the result of findings in the Royal Berkshire Pension Fund accounts by the fund's appointed external auditors Deloitte. It should be noted that the Royal Berkshire Pension Fund accounts for 2019/20 have not been formally signed off by their external auditors and hence Grant Thornton the Council's appointed external auditors are not in a position to formally sign off an audit opinion on the Council's 2019/20 accounts.

## 5. Supporting Information

Supporting information is detailed in appendix A.

### Proposals

No proposals are made within this report. Members are to note the report only.

## 6. Other options considered

None, report is required as a statutory requirement.

## 7. Conclusion

The revised findings report from the Council's external auditors highlights the additional material adjustment that has been made to the 2019/20 Financial Statements. The external auditors work remains ongoing due to continued work relating to the Royal Berkshire Pension Fund. On the basis that no further material adjustments to the 2019/20 Financial Statements are anticipated in section 2 of this report the recommendation has been made that delegated authority is given to the Executive Director for Resources and Chair of the Governance & Ethics Committee to formally sign off the 2019/20 Financial Statements upon receipt of a final audit opinion.

## 8. Appendices

Appendix A – The Revised Audit Findings for West Berkshire Council Year Ended 31 March 2020 (Issued by Grant Thornton 8.4.2021)

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### Subject to Call-In:

Yes:  No: X

The item is due to be referred to Council for final approval	<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council	<input type="checkbox"/>
Delays in implementation could compromise the Council's position	<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months	<input type="checkbox"/>
Item is Urgent Key Decision	<input type="checkbox"/>
Report is to note only	X

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### Officer details:

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