

<b>Audit Committee</b>	
<b>Meeting Date</b>	9 March 2022
<b>Report Title</b>	Annual Audit Letter 2020/21
<b>Cabinet Member</b>	Cllr Roger Truelove, Leader and Cabinet Member for Finance
<b>SMT Lead</b>	Lisa Fillery, Director of Resources
<b>Head of Service</b>	Phil Wilson, Head of Finance and Procurement
<b>Lead Officer</b>	Phil Wilson, Head of Finance and Procurement
<b>Classification</b>	Open
<b>Recommendations</b>	<p>Members are asked to:</p> <ol style="list-style-type: none"> <li>1. Note the external auditor's Annual Report (Appendix I);</li> <li>2. Consider recommendation 1 in the report: "Consideration should be given to making a clear distinction between statutory and discretionary spending in the budgetary information provided to members and published on the web";</li> <li>3. Consider recommendation 2 in the report: "A savings plan based on the medium term financial plan budget projections to 2023/24 will need to be developed";</li> <li>4. Consider recommendation 3 in the report: "Consideration should be given to a formal or structured consistent approach to benchmarking, appropriate to the Council's circumstances, to identify areas of potential high unit costs or low outcomes for further investigation".</li> </ol>

## 1. Purpose of Report and Executive Summary

- 1.1 At the Audit Committee held on 26 October 2021, Grant Thornton provided their Audit Findings Report on the key matters arising from the audit of the Council's Annual Financial Report for the year ended 31 March 2021.
- 1.2 The Annual Audit Report considers whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in the use of its resources.

## 2. Background

- 2.1 The purpose of the Annual Audit Report has changed from previous years. On 1 April 2020, the National Audit Office (NAO) introduced a new Code of Audit Practice which came into effect in 2020/21, which introduced a revised approach to the audit of Value for Money (VFM). There are three main changes arising from the NAO's new approach:
  - A new set of key criteria covering:

- financial sustainability;
  - governance; and,
  - improvements in economy, efficiency and effectiveness.
- More extensive reporting by the auditors on arrangements across all the key criteria.
  - Auditors undertaking analysis on the Council's VFM arrangements to arrive at a more sophisticated judgement on performance as well as key recommendations identified during the audit.

2.2 The Auditor's Annual Report provides the Audit Committee with the results of this revised approach to reviewing the Council's VFM arrangements covering the three key criteria listed above.

### 3. Proposals

3.1 The Auditor's Annual Report for the year ended 31 March 2021 is attached as Appendix I.

3.2 It includes three recommendations which are detailed in the report and management comment has been provided for each one.

3.3 The Audit Committee is asked to consider these three recommendations.

### 4. Alternative Options

4.1 The Audit Committee could choose to accept, reject or consider further each of the three recommendations.

### 5. Consultation Undertaken or Proposed

5.1 The Director of Resources was invited to comment on the three recommendations.

### 6. Implications

Issue	Implications
Corporate Plan	Good financial management is key to supporting the Corporate Plan objectives.
Financial, Resource and Property	The External Auditor's opinion is that the Council's accounting statements give a true and fair view of the financial position of the Council as at 31 March 2021 and its income and expenditure for the year then ended.
Legal, Statutory and Procurement	The production of the financial statements is a legal requirement under the 2015 Accounts and Audit regulations as amended by the Accounts and Audit (Amendment) Regulations 2021.
Crime and Disorder	No direct issues
Environment and Climate/ Ecological Emergency	No direct issues

<b>Issue</b>	<b>Implications</b>
Health and Wellbeing	No direct issues
Safeguarding of Children, Young People and Vulnerable Adults	No direct issues
Risk Management and Health and Safety	No direct issues
Equality and Diversity	No direct issues
Privacy and Data Protection	No direct issues

## **7. Appendices**

7.1 The following documents are to be published with this report and form part of the report:

7.1.1 Appendix I: Auditor's Annual Report

## **8. Background Papers**

8.1 Detailed working papers are held in the Finance Department.