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| <b>Board/Committee:</b> | <b>Standards and Audit Sub Board Meeting</b>   |
| <b>Date of Meeting:</b> | 15 September 2022  |
| <b>Title:</b>           | EY – Auditor’s Annual Report 2020/21   |
| <b>Author:</b>          | Kevin Suter  |
| <b>Status:</b>          | Standards and Audit Sub Board to consider and note the 2020/21 Auditor’s Annual Report |

**Purpose**

The Auditor’s Annual Report summarises the findings from our 2020/21 audit which was completed in March. It summarises the key messages that were reported in our Audit Results Report presented to the Policy and Organisation Board on 17 March 2022. Our Auditor’s Annual Report is an important report that has been prepared in line with the requirements of the National Audit Office’s Code of Audit Practice.

**Recommendation**

- Receive the Auditor’s Annual Report and consider the conclusions reached by the auditor.

**1 Background**

- 1.1 The National Audit Office’s Code of Audit Practice requires us to issue an Auditor’s Annual Report summarising the work we have carried out to discharge our statutory audit responsibilities.

**2 Annual Audit Letter**

**2.1 Financial statements**

We issued an unqualified audit opinion on 18 March 2022.

**2.2 Value for money conclusion**

We reported evidence of weaknesses in proper arrangements for:

- ensuring appropriate governance in the procurement of services by making informed decisions and properly managing its risks; and ensuring it can demonstrate compliance with appropriate legislative requirements, professional standards, and internal policies.
- improving economy, efficiency, and effectiveness by assessing whether it is realising the expected benefits when procuring services.

- 2.3 **Consistency of other information**  
Other information published with the financial statements was consistent with the Annual Accounts.
- 2.4 **Annual Governance Statement**  
The Annual Governance Statement was consistent with our understanding of the Council.
- 2.5 **Use of audit powers**  
There were no matters that we needed to report in the public interest or take formal audit action on.
- 2.6 **Whole of government accounts**  
We have performed the procedures required by the National Audit Office on the Whole of Government Accounts submission. However, the NAO WGA team will consider the revised HM Treasury thresholds alongside HM Treasury's developing analytical review controls and may determine assurances from auditors of components who are below these revised HM Treasury thresholds.
- 2.7 **Report to those charged with governance**  
We presented our Audit Results Report to the Policy and Organisation Board on 17 March 2022.
- 2.8 **Audit certificate**  
We have performed the procedures required by the National Audit Office on the Whole of Government Accounts (WGA) submission. However, the rights and requirements of the NAO can extend beyond the revised thresholds of £2bn set by HM Treasury, which do not prejudice the rights of the NAO. As group auditor, the NAO WGA team will consider the revised HM Treasury thresholds alongside HM Treasury's developing analytical review controls and may require assurances from auditors of components who are below the HM Treasury thresholds.

The change for 2020/21 is that in previous periods the existence of the HM Treasury thresholds has meant that in many instances the work that the NAO WGA team would have otherwise directed non-significant components to undertake in line with ISA 600 had already been carried out. The increase in HM Treasury's local government threshold means that there is a risk the NAO WGA team require some assurances from auditors of bodies below the new limit. Consequently, we cannot issue our certificate for 2020/21 until confirmation on the

above-mentioned has been received from the NAO.

### **3 Risk Assessment**

- 3.1 The Auditor's Annual Report forms part of the auditor's statutory role and should be reviewed as part of the Council's governance arrangements.

### **4 Conclusion**

- 4.1 The Auditor's Annual Report for 2020/21 is attached for consideration and noting.

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| <b>Financial Services comments:</b>           | The Auditor's Annual Report was shared with finance officers for comment before being finalised. |
| <b>Legal Services comments:</b>               | N/A  |
| <b>Crime and Disorder:</b>                    | N/A  |
| <b>Equality and Diversity:</b>                | N/A  |
| <b>Service Improvement Plan implications:</b> | N/A  |
| <b>Corporate Plan:</b>                        | N/A  |
| <b>Risk Assessment:</b>                       | N/A  |
| <b>Background papers:</b>                     | N/A  |
| <b>Enclosures:</b>                            | Auditor's Annual Report 2020/21<br>GBC Procurement Action Plan                                   |
| <b>Report author/ Lead Officer:</b>           | Kevin Suter, Partner, Ernst & Young  |