

8. **EXTERNAL AUDIT (Mazars): 2020/21 ANNUAL AUDIT REPORT (JW)**

Purpose of the report

1. This report asks Members to consider the External Auditor's 2020/21 Annual Audit Report.

Key issues

2. Key issues include:
 - The Annual Audit Report provides a summary of the Value for Money (VFM) results of the external audit for 2020/21.
 - The External Auditor issued an addendum to the Audit Completion Report presented to Members on 12th November 2022 attached as Appendix 2.

Recommendations

3.
 1. **That the 2020/21 Annual Audit Report at Appendix 1 be considered and acknowledged**
 2. **Members note the Addendum to Audit Completion Report at Appendix 2 and the receipt of an unqualified audit opinion on the Statement of Accounts 2020/21.**

How does this contribute to our policies and legal obligations?

4. The work of the external auditors is a key part of our governance arrangements, helping us to monitor and improve performance to ensure the Authority has a solid foundation. It supports achievement of the 2019-2024 Corporate Strategy - that we have arrangements in place to secure economy, efficiency and effectiveness in all our operations (KPI22).

Achieving an unqualified opinion on the financial statements and satisfying the Auditor that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources are corporate performance indicators.

Background

5. The duties and powers of auditors are set out in the Local Audit and Accountability Act 2014, the Local Government Act 1999, the Statement of Responsibilities of Auditors and Audited Bodies and the Code of Audit Practice. The Authority meeting considers the Auditor's Annual Report as part of its work programme.

Proposals

6. The full report for consideration is given at Appendix 1.
7. For the 2020/21 Statement of Accounts the Code of Audit Practice changed the work required for Auditors to comment on the value for money arrangements of the Authority. The Auditors are now required to report on significant weaknesses in the Authority's arrangements for securing economy, efficiency and effectiveness in use of resources instead of reporting a form of conclusions. The three criteria in the new Code of Practice are financial sustainability, governance and improving economy, efficiency and effectiveness. The report has found no risk or actual significant weaknesses in the Authority's VFM arrangements.

8. The Auditors have been required to complete additional work to enable them to issue their opinion on VFM, this was notified to the Authority and Members in February 2021. The Annual Audit Report includes the breakdown of additional fees at page 16 and are estimated to be £9k on top of the agreed scale fee of £10k. This was included in the 2021/22 budget.
9. The External Auditors issued the signed Auditor's report on the Statement of Accounts for 2020/21 on 30th November 2021 and this was incorporated into the signed statement of accounts which is now published on the Authority's website [Statement-of-Accounts-24-11-2021-Redacted.pdf \(peakdistrict.gov.uk\)](#). There were no changes required to the final accounts presented to Members on 12th November 2021.

Are there any corporate implications members should be concerned about?

10. **Financial:** The fees of £19k for external audit are funded from the existing Finance Service budget as allowed for in the 2021/22 budget.
11. **Risk Management:**
The scrutiny and advice provided by external audit is part of our governance framework. The Auditor's work is based on an assessment of audit risk.
12. **Sustainability:**
There are no issues to highlight
13. **Equality:**
There are no issues to highlight
14. **Climate Change:**
There are no issues to highlight
15. **Background papers** (not previously published) – None
16. **Appendices:**
Appendix 1: External Audit: 2020/21 Annual Audit Report
Appendix 2: External Audit Addendum to ACR Letter

Report Author, Job Title and Publication Date

Justine Wells, Head of Finance, 27 January 2022