



**OPEN REPORT  
GOVERNANCE AND RESOURCES COMMITTEE**

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**Governance & Resources Committee – 20 July 2023**

**EXTERNAL AUDIT COMPLETION REPORT AND ANNUAL REPORT FOR THE  
FINANCIAL YEAR ENDED 31 MARCH 2022**

**Report of the Director of Resources**

**Report Author and Contact Details**

Karen Henriksen, Director of Resources

01629 761284 or karen.henriksen@derbyshiredales.gov.uk

**Wards Affected**

District-wide

**Report Summary**

These reports summarise work undertaken and the key findings arising from the external auditor's work in relation to the Authority's financial statements for 2021/22.

**Recommendations**

1. That the External Auditor's "Audit Completion Report for the year ended 31 March 2022" be received.
2. That the "Auditor's Annual Report for the year ended 31 March 2022" be received.
3. That the appointment of Mazars LLP as the Authority's external auditor for a period that covers the audits of the statutory accounts for the five consecutive financial years commencing 1 April 2023 be noted.

**List of Appendices**

Appendix 1 "Audit Completion Report for the year ended 31 March 2022" from Mazars

Appendix 2 "Auditor's Annual Report for the year ended 31 March 2022"

**Background Papers**

None

**Consideration of report by Council or other committees**

No

**Council Approval Required**

No

**Exempt from Press or Public**

No

# External Audit Completion Report and Annual Report For The Financial Year Ended 31 March 2022

## 1. Background

- 1.1 Members are requested to note the reports from the external auditors prior to approving the Council's Statement of Accounts. The external auditor, Gavin Barker from Mazars LLP, will attend the meeting to take members' questions on the reports.
- 1.2 Due to resource constraints on both sides, there has been a delay in the completion of the external audit of the Statement of Accounts by Mazars LLP, meaning that the deadline of 30 November 2022 was missed. This is by no means unusual this year; Public Sector Audit Appointments (PSAA) announced that only 12% of opted in bodies were able to meet the publishing date of 30 November 2022 for 2021/22 audited financial statements. Although a slight increase on the previous year's 9%, this year's publishing date was two months later than the 30 September target for delivery of 2020/21 opinions. By the end of December 2022 the figure was 15%.
- 1.3 Concluding the 2021/22 audit will be Gavin Barker's last duties as the Council's external audit lead; there will be a new Engagement Lead who will take over for the audit of the 2022/23 financial statements and onwards.
- 1.4 For financial statements relating to 2022/23 and subsequent financial years, the Accounts and Audit Regulations have recently been updated and the deadline for the completion of the external audit will be 30<sup>th</sup> September (following the year-end).
- 1.5 Following the procurement of external audit services carried out by PSAA (see report to Council 27 January 2022), Mazars LLP has been appointed as the Authority's external auditor for a period that covers the audits of the statutory accounts for the five consecutive financial years commencing 1 April 2023.

## 2. Key Issues

- 2.1 The Council's external auditors, Mazars, have issued their Audit Completion Report for the year ended 31 March 2022 covering the 2021/22 accounts. The purpose of this document is to summarise the audit conclusions for the 2021/22 financial statements. A copy of the report is shown at Appendix 1; the external auditor has requested that it be brought to Members' attention.
- 2.2 The key issues in the Audit Completion Report are:
  - Audit opinion: The external auditor anticipates issuing an unqualified opinion on the financial statements for 2021/22;
  - Value for Money: The external auditor has not identified any significant weaknesses in arrangements that the Council has put in place to secure economy, efficiency & effectiveness in its use of resources;

- Wider powers: The external auditor did not receive any questions or objections to the financial statements from electors;
- Significant risks: The external auditor has identified three significant risks but has not identified any material issues arising from them to bring to members' attention;
- Internal control recommendations: The external auditor has identified that management should review and strengthen controls relating to the preparation of the grants note. This recommendation has been accepted and has been addressed as part of the preparation of the grants note for the 2022/23 financial statements;
- Corrected misstatements: The external auditor identified six misstatements that were accepted by management and subsequently corrected in the financial statements. Details of the adjusted misstatements are given on pages 21 to 23 of the Audit Completion Report (Appendix 1). Corrections were required to the Comprehensive Income and Expenditure Statement and Balance Sheet. Some disclosures notes had to be adjusted; details of these are given on page 25 of the Audit Completion report (Appendix 1) and in the report on the Statement of Accounts 2021/22, elsewhere on the agenda for this meeting.
- Uncorrected misstatements: There are three unadjusted misstatements, which relate to entries in the Comprehensive Income and Expenditure Statement. Further details of these are provided on page 24 of the Audit Completion report (Appendix 1) and in the report on the Letter of Representation elsewhere on the agenda for this meeting;
- Disclosure amendments: The external auditor also identified a small number of casting and descriptive issues that required correction. Details of the disclosure amendments are given on page 25 of the Audit Completion Report. The Statement of Accounts has been amended accordingly.
- Wider reporting responsibilities: The external auditor did not receive any questions or objections to the financial statements from electors.

2.3 The Council's external auditors, Mazars, have issued their Draft Annual Audit Report for the year ended 31 March 2022 covering the 2021/22 accounts. The Auditor's Annual Report summarises the work the external auditor has undertaken for the year ended 31 March 2022. A copy of the report is shown at Appendix 2; the external auditor has requested that it be brought to Members' attention.

2.4 The key issues in the Auditor's Annual Report are:

- Audit opinion: The external auditor anticipates issuing an unqualified opinion on the financial statements for 2021/22;
- Value for Money: The external auditor has not identified any significant weaknesses in arrangements that the Council has put in place to secure economy, efficiency & effectiveness in its use of resources;

- Wider reporting responsibilities: The external auditor did not receive any questions or objections to the financial statements from electors;
- Fees: The external auditor's fees for the 2021/22 financial statements are set out on page 19 of the Auditor's Annual Report and total £52,875 (an estimated fee based on the estimated work required to complete the audit).

### **3. Options Considered and Recommended Proposal**

3.1 Not applicable.

### **4. Consultation & Publicity**

4.1 The Draft Statement of Accounts 2021/22 and notice of public rights were placed on the Council's website on the 9<sup>th</sup> November 2022 and the accounts were available for public inspection from 9<sup>th</sup> November 2022 to 20<sup>th</sup> December 2022. No objections were received.

4.2 A notice of a delay in publishing the Audited Statement of Accounts is currently shown on the Council's website.

### **5. Timetable for Implementation**

5.1 The Audited Statement of Accounts will be published on the Council's website as soon as practicable following the Committee's approval and the receipt of the opinion from the external auditor.

### **6. Policy Implications**

6.1 None

### **7. Financial and Resource Implications**

7.1 The external auditor has estimated the fees for the 2021/22 financial statements to be £52,875. This exceeds the budget of £47,895 by £4,980, which has been assessed as a low financial risk.

### **8. Legal Advice and Implications**

8.1 As stated, this report summarises work undertaken and the key findings arising from the external auditor's work in relation to the Authority's financial statements for 2021/22. The legal risk for decision making in association with these recommendations has been assessed as low.

### **9. Equalities Implications**

9.1 There are no equalities issues arising from this report.

### **10. Climate Change Implications**

10.1 There are no climate change issues arising from this report.

## 11. Risk Management

- 11.1 The work of the external auditor provides assurance that the Council's financial statements present a true and fair view of the Council's finances.
- 11.2 The VFM assessment has not identified any significant weaknesses in arrangements that the Council has put in place to secure economy, efficiency & effectiveness in its use of resources.

### Report Authorisation

Approvals obtained from:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Paul Wilson	03/07/2023
Director of Resources/ S.151 Officer (or Financial Services Manager)	Karen Henriksen	05/07/2023
Monitoring Officer (or Legal Services Manager)	James McLaughlin	11/07/2023