

Report to: Audit and Governance Committee



Date of Meeting 18 January 2024

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

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## Time for change

### Report summary:

Grant Thornton at the Audit & Governance meeting on 21<sup>st</sup> September presented their Audit Progress report and Sector update which included details of their report "Time for change" - exploring the reasons for delayed publications of audited local authority accounts.

This report recommended actions to bodies involved in the process; government, accounting standards bodies, auditors, local authority finance professionals and audit committees. The report recommended that best practice would be for management and audit committees to consider and address points outlined in proposed checklist and for the Department for Levelling Up, Housing and Communities (DLUHC), Chartered Institute of Public Finance and Accountancy (CIPFA) or the Financial Reporting Council (FRC) set out expectations for the system as whole.

As requested by the Audit & Governance Committee this report considers that checklist, details of the report and checklist can be found here: [About time? \(grantthornton.co.uk\)](https://www.grantthornton.co.uk).

### Is the proposed decision in accordance with:

Budget Yes  No

Policy Framework Yes  No

### Recommendation:

That members consider the prepared response to the checklist detailed in this report in particular views are sought on the Audit Committee questions that are included.

### Reason for recommendation:

To support best practice

Officer: Simon Davey, Director for Finance (S151) and Interim Chief Executive (shared role)

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### Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Communications and Democracy
- Economy
- Finance and Assets
- Strategic Planning

- Sustainable Homes and Communities
- Culture, Leisure, Sport and Tourism

**Equalities impact** Low Impact

**Climate change** Low Impact

**Risk:** Medium Risk;

**Links to background information** [About time? \(grantthornton.co.uk\)](http://grantthornton.co.uk)

**Link to [Council Plan](#)**

Priorities (check which apply)

- Better homes and communities for all
- A greener East Devon
- A resilient economy

**Checklist from Grant Thornton’s about time report:**

<b>Management</b>	
<b>Question Raised</b>	<b>Response</b>
<p>Has a timetable been agreed with the auditor, including dates for draft accounts, working papers, and availability of key members of staff?</p>	<p>Now the 2020/21 accounts opinion has been received (November 2023) and treatment of Infrastructure Assets resolved we have now published draft accounts for 2021/22 and 2022/23 will be published by the end of January 2024.</p> <p>Members have approved Year End Outturn reports for these years.</p> <p>A timetable for audit needs to be agreed with Grant Thornton and is the next step.</p>
<p>Is the s151 Officer satisfied that arrangements are in place for robust completion of CIPFA’s Disclosure Checklist and that appropriate time has been allowed for robust internal quality assurance before audit?</p>	<p>The CIPFA disclosure checklist is used as part of our planning and preparation of the Statement of Accounts (SoA) completion. This is always completed on the finalising of the Accounts and sufficient time is allocated in our closedown timetable for review.</p>
<p>Is the finance team clear on the information needs of users of the accounts, on their view of accounts preparation materiality and has the clarity of presentation of the accounts been reviewed?</p>	<p>Focus is placed on the Outturn Report which is presented to Members and presented publicly in agenda papers.</p> <p>This reporting is considered timely and relevant. This report is used in the forward to the Accounts and key financial information is reconciled to the audited accounts.</p>

<p>Does the finance team have sufficient capacity to prepare high-quality draft accounts on time? Should support or expertise be sought from outside the organisation?</p>	<p>The preparation of the Accounts is an annual pressure for the team and does compete with other priorities.</p> <p>Expertise is used in areas expected like pension and asset valuations. We also utilise expert independent support in specialised areas.</p> <p>The majority of the statements are prepared by the Finance Team and we have recently restructured to facilitate a specific member of the team being responsible for delivery of the Statement who is clearer of day to day finance duties which has been an issue for team members with differing priorities. This change has been made in the last month.</p> <p>There will be further opportunities through the sharing of our Finance System with two other local authorities and the possibility of sharing key resources to produce technical aspects of the Accounts.</p> <p>The design of the new system is also focused on making year end closedown easier and quicker including the preparation of key financial statements.</p>
<p>Has the need for significant accounting judgements and estimates been thoroughly assessed, especially in light of any organisational changes or significant new transactions? Have assumptions underlying judgements and estimates been properly documented and has the finance team assured themselves over the accuracy and completeness of data inputs to estimation processes?</p>	<p>Reviewed and assessed annually, with significant areas documented.</p>
<p>Has the finance team held a debrief meeting with the external audit team on the previous audit? What changes are needed for the following cycle?</p>	<p>This has been the case in the past and there is an opportunity soon with the recent sign off of the 2020/21 Accounts.</p>
<p>Is the finance team clear on the core working papers the audit team will require?</p>	<p>Yes, working paper requirements are received and allocated to team members. Regular updates/tracker is undertaken. Requirements are also documented and submitted online via shared software application.</p> <p>Within the audit period further queries are requested and completed via email</p>

	correspondence/meeting updates/online requests.
Have the audit and finance teams discussed what work can be done early, outside the peak of post-statements audit fieldwork?	Yes, but further discussion would be helpful.  Finance team preparation begins in January, with particular focus on areas requiring third party/expert input. This early work and discussions also help with managing team member work demands.
<b>Audit Committee</b>	
Does the Audit Committee consider it has the appropriate membership, training and access to professional support to effectively discharge its responsibilities?	Chair has good experience and professionally qualified.  Additional external membership would support the Committee – Appointments need to be progressed.  Initial training given to Committee but it should consider what else is required – Final Accounts understanding, Governance?
Is the Audit Committee assured on the effectiveness of internal control over the preparation of draft accounts?	Reassurance through External and Internal audit.
Has management clearly identified the significant judgements underpinning the financial statements? Does the Committee agree with them?	These are outlined in the Accounting Policies approved annually by the Committee.
Has management clearly identified the need for significant estimates in the accounts? How have the estimates been formed? What alternatives have been considered and have experts been involved where appropriate?	Considered in the Accounting Policies review. This could be enhanced with further explanations when presented.
Has the authority entered into any significant and complex new transactions in the year? If so, what has management done to assure the Committee these will be accounted for appropriately?	No
Does the Committee understand the causes of any significant delays to the audit process? Is there a timetable, with clear accountabilities, in place for resolving delays?	These are updated through the Grant Thornton reports but would further details from Finance Team be useful?

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### **Financial implications:**

There are no financial implications requiring comment

### **Legal implications:**

There are no substantive legal issues to be added to the report.