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| Committee(s): Ordinary Council | Date: 8 December 2021 |
| Subject: Chairs report for Audit and Scrutiny Committee | Wards Affected: All |
| Committee Chair: Cllr Charles Nolan | |
| Report of: Jacqueline Van Mellaerts, Corporate Director – Finance & Resources | For Information |

Internal Audit Progress 2021-22

The following reports have been finalised since the last committee and were reported to Audit and Scrutiny Committee on 7th December 2021. The audit summaries and recommendations can be found in the report.

- Planning (Moderate/Substantial)

Risk Management

The Committee regularly review the councils strategic and operational Risk Registers.

The committee noted 13 Strategic risks on the register. 3 Low, 4 Medium, 3 High, and 3 Very High.

The committee also noted 52 operational risks on the register. 14 low, 27 Medium, 8 High & 3 Very High.

The Risk Registers have been reviewed to align them to the Corporate Strategy, as well as presenting them in a more appropriate format.

Unaudited Statement of Accounts 2020-21 and Annual Governance Statement.

In March 2021 MHCLG published The Accounts and Audit (Coronavirus) (Amendment) Regulations 2021 (SI 2021/263). These extended the statutory audit deadline for 2020/21 for all local public authorities in England, police and fire bodies.

The draft accounts publication deadline was extended from 1st June to 1st August. Public Inspection notices and the Unaudited Statement of Account 2020/21 along with the Annual Governance Statement were published on the Council's website on 29th July 2021 in advance of the inspection period 2nd August to 10th September 2021. No notices of objections were received.

For local authorities the publication deadline for audited accounts for 2020-21 was moved from 31 July 2021 to 30 September 2021. The Council was previously advised our audit has been postponed due to insufficient audit resources and to preserve the quality of the audit it will not commence until after the publication deadline.

A notice of explanation has been published alongside the Council's unaudited accounts on our website from 30th September to meet appropriate legislation.

<https://www.brentwood.gov.uk/-/statement-of-accounts>

No further update was presented to the Committee in December but the Committee have been advised that EY LLP have now commenced their audit from 1st November for approx. 6-8 weeks.

External Audit 2020-21

The External audit plan 2020-21 was reported plan identifies area of focus of Fraud risk, significant risk and inherent risk for the financial statements:

Fraud Risk

- a) General Misstatement due to fraud or error.
- b) Incorrect capitalisation of revenue expenditure
- c) Minimum Revenue Provision (New focus)
- d) Rental income from commercial properties (New focus)

Significant Risk

- a) Valuation of Land and Buildings

Inherent Risk

- a) Pension Liability Valuation
- b) Going Concern
- c) Group Accounting
- d) Accounting for COVID Grants (New focus)
- e) Accounting for property acquisitions and leisure centres (New focus)
- f) Valuation of NNDR appeals provision (New focus)

The plan also updated external audit fees. The final variation fee received from PSAA for 2019/20 is proposed at £20,617. Management is currently scheduling a meeting with PSAA to discuss. The proposed scale fee for 2020/21 that was agreed as part of the procurement exercise through Public Sector Audit Arrangements (PSAA) is £52,365 and various fee variations have been proposed and will not be finalised until the audit is completed. For 2021/22 audit fee EY have put in a proposal which is yet to be agreed with PSAA for £80,952.

Scrutiny Work Programme

The Constitution requires that the Audit & Scrutiny Committee agrees its Scrutiny work programme at each meeting of the Committee. A number of actions and reviews have been carried out on the programme.

- A Working Group on Performance and formal complaints took place on 9th November and was reported to the Committee.