

Committee: Audit & Scrutiny	Date: 7th March 2023
Subject: Annual Audit Report 2020/21	Wards Affected: All
Report of: Tim Willis, Interim Director - Resources	Public
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Summary

This report presents the Committee with the Annual Audit Report issued by the external auditors, Ernst & Young, following the completion of the audit of the 2020/21 accounts

Recommendation

Members are asked to:

R1. Note the contents of this report and the Annual Audit Report.

Main Report

Introduction and Background

1. The audit of the Council's 2020/21 statement of accounts was completed in December 2022. The purpose of the Annual Audit Report is to bring together all of the auditor's work over the year.
2. The Annual Audit Report is attached to this report as Appendix A. It confirms that an unqualified opinion was issued on the 2020/21 statement of accounts and that the Chief Financial Officer's use of the going concern basis of accounting is appropriate.
3. Section 3 of the Report, Financial Statements Audit, sets out the key issues identified as part of the audit. The most significant of these is about Minimum Revenue Provision (MRP) - see page 7 of the Report. The auditors' MRP specialist has concluded that the Council's historic MRP has been

understated by £640k. Officers has not made any adjustment in the 2020/21 accounts and have commissioned the Council's treasury advisors to carry out a review of the auditors' finding. The outcome of this review will determine whether any adjustment is made to the 2021/22 accounts and to the methodology used to calculate MRP in future years.

4. Appendix A set out the proposed audit fees payable in respect of the audit of the 2020/21 accounts

Issue, Options and Analysis of Options

5. Officers have reviewed the Audit Letter and are satisfied with its overall contents.
6. With regard to the proposed audit fees for 2020/21, the external auditors propose a scale rebasing fee of £36,001 and additional fees totalling £48,261 to take account of additional work done by them on a number of audit risks including property valuations (operational and investment properties) and reviewing the appropriateness of the Council's accounting of Covid-19 grants. Any scale fee would be payable on top of the basic audit fee of £52,365. The proposed additional fees have not yet been agreed by management.
7. The final decision on this matter sits with Public Sector Audit Appointments Ltd (PSAA). The external auditors will submit their proposal alongside the comments of the Interim Director - Resources comments to PSAA, who will determine the final fee for the 2020-21 audit. They will provide an update on the final fee position to this Committee when it has been determined by PSAA.

Reasons for Recommendation

8. To enable the Council to conclude the Statement of Accounts process for 2020/21.

Consultation

9. No consultation was required for this report.

References to Corporate Plan

10. Good financial management underpins all priorities within the Corporate Plan.

Implications

Financial Implications

Name/Title: Tim Willis, Interim Director - Resources

Tel/Email: 01277 312500/jacqueline.vanmellaerts@brentwood.gov.uk

11. The financial implications have been included within the main body of the report.

Legal Implications

Name & Title: Steve Summers, Interim Monitoring Officer

Tel & Email: 01277 312500/steve.summers@brentwood.gov.uk

12. All relevant legal considerations have been taken fully into account in compiling this report.

Economic Implications

Name/Title: Phil Drane, Director of Planning & Economy

Tel/Email: 01277 312500/philip.drane@brentwood.gov.uk

13. There are no direct Economic Implications arising from this report

Appendices to this report

Appendix A: Annual Audit Report 2020-21