

11 March 2021		ITEM: 6
Standards and Audit Committee		
Thurrock Annual Audit Letter 2019/20		
Wards and communities affected: All	Key Decision: Non-key	
Report of: Sean Clark, Corporate Director of Finance, Governance & Property		
Accountable Assistant Director: Jonathan Wilson, Assistant Director Finance		
Accountable Director: Sean Clark, Corporate Director of Finance, Governance and Property		
This report is Public		

Executive Summary

The external auditors are responsible for:

- Forming an opinion on the Financial Statements;
- Reviewing the Annual Governance Statement;
- Forming a conclusion on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources; and
- Undertaking any other work specified by the regulator.

The Annual Audit Letter summarises this work and is appended to this report. The content of this letter has been largely reported to this committee in November 2020 as part of the Audit Completion Report which confirmed:

- The Council received an unmodified audit opinion on the 2019/20 Financial Statements;
- The Council received an unmodified value for money conclusion; and
- The Annual Governance Statement was consistent with external audit's knowledge of the Council.

The Annual Audit Letter summarises these conclusions alongside the wider areas of work completed at the Council.

1. Recommendation(s)

- 1.1 That the Standards and Audit Committee consider the comments of our external auditors as set out in the attached report and note their findings.**

2. Introduction and Background

- 2.1 The main message is that the auditors issued an unmodified audit opinion on the 2019/20 financial statements and an unmodified value for money conclusion.
- 2.2 The findings from the financial statement audit in relation to the significant risk areas identified in the audit plan are set out in the appendix. The Council positively addressed these risks as noted in the report and these were considered by the Committee in November 2020 as part of the Audit Completion Report.
- 2.3 The financial statements produced were to a high standard and were supported by relevant supporting records. Officers worked hard to support the audit process and resolve queries quickly and effectively. External audit identified one material error which required a reclassification between short term and long terms debtors – this was amended to update the balance sheet with no impact on the general fund. It was also noted that as a consequence of Covid-19 the financial statements included disclosures about a material valuation uncertainty in respect of Property, Plant and Equipment (PPE), and 'Property' assets within the Local Government Pension Scheme Assets. Consequently external audit have included an 'Emphasis of matter' paragraph in the audit opinion report which does not represent a qualification of the opinion but directs the reader to certain disclosures in the financial statements.
- 2.4 External audit also noted non-material adjustments and some further unadjusted items which were discussed in detail as part of the audit completion report at the previous committee meeting in November 2020.
- 2.5 In arriving at their value for money conclusion the auditors confirmed the Council had proper arrangements in place in 2019/20 to address the identified risk in relation to the achievement of savings over the medium term and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

3. Issues, Options and Analysis of Options

- 3.1 The report continues the positive work from the previous year and officers continue to work to maintain the high standard of the financial accounts.

3.2 The finance team has worked effectively with external audit to enable completion of the work within the statutory timescales and in the context of the challenges of an off-site audit.

3.3 The Council is working to meet the significant financial challenges caused by ongoing reductions in funding and continue to monitor the position through the Medium Term Financial Strategy.

4. Reasons for Recommendation

4.1 For the committee to note the findings of the external auditors.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 The Annual Audit Letter summarises the reports that have previously been communicated to Members of the Standards and Audit Committee.

6. Impact on corporate policies, priorities, performance and community impact

6.1 There are no implications arising from the Annual Audit Letter.

7. Implications

7.1 Financial

Implications verified by: **Jonathan Wilson**
Assistant Director - Finance

The financial implications are noted in the body of the report.

7.2 Legal

Implications verified by: **Tim Hallam**
Deputy Head of Law and Deputy Monitoring Officer

The Council is required to publish the Annual Audit Letter following consideration by members in accordance with regulation 20 of the Accounts and Audit Regulations 2015.

7.3 Diversity and Equality

Implications verified by: **Natalie Smith**
Strategic Lead - Community Development

There are no specific diversity and equality implications arising from this report.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

There are no specific implications from this report.

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- There are various working papers within accountancy.

9. Appendices to the report

Appendix 1 – The Annual Audit Letter

Report Author:

Jonathan Wilson

Assistant Director - Finance

Corporate Finance