

Blaby District Council
Audit & Corporate Governance Committee

Date of Meeting	10 October 2023
Title of Report	Update on Progress Towards Audit of Council's Annual Accounts
Report Author	Executive Director (Section 151 Officer)

1. What is this report about?

- 1.1 To provide members with an update on progress towards the audit of the Council's annual accounts, receive an update from auditors Ernst and Young and provide an update on engagement with the Council's new external auditors Azets.

2. Recommendation(s)

- 2.1 That the Audit and Corporate Governance Committee note the impact of local audit delays; the report of Ernst & Young and also note the scale of future audit fees.

3. Reason for Decision(s) Recommended

- 3.1 To ensure that the Audit and Corporate Governance Committee is appraised of the latest position regarding the audit of the Council's Statement of Accounts.

4. Matters to consider

4.1 Background

Members will be aware of the significant delays that have been experienced nationally over the past three years in terms of the audit of local government accounts. The last financial year that the publication deadline was met was 2018/19, when the audited accounts were signed off and published by 31st July 2019, in accordance with the prevailing requirements of the Accounts and Audit Regulations. The accounts for each subsequent financial year have been subject to protracted delays.

The report considered by the Audit and Corporate Governance Committee at the meeting of the 17th April 2023 provided detail with regard to the status of the accounts for each of the years up to the current position and a further

update was provided when the Unaudited Statement of Accounts was presented at the meeting of the 13th July 2023.

It continues to be the case that Blaby has met the statutory deadline for publishing its unaudited accounts in every year but the year of the pandemic when the deadline was relaxed.

4.2 Proposal(s)

Officers have continued to engage with Ernst & Young with regard to the audit of the Statement of Accounts for years 2020/21 and proposals to commence the audits for years 2021/22 and 2022/23.

Recent communications with Ernst & Young suggest that the Statement of Accounts for 2020/21 may be finalised in November 2023. At the time of writing guidance is still awaited as to how the audits of 2021/22 and 2022/23 are to progress. Appendix A to this report details an update report provided by Ernst & Young.

Members of the Committee will be aware that Azets have been appointed as the Council's external auditors for audits from 2023/24 onwards. Officers have had positive meetings with representatives from Azets who are eager to engage, and plans are being discussed as to when they will commence the audit of the 2023/24 accounts despite the previous audits not being finalised by Ernst & Young.

4.3 Relevant Consultations

Consultations with external auditors Ernst & Young and Azets.

4.4 Significant Issues

None.

5. What will it cost and are there opportunities for savings?

- 5.1 There are no direct financial implications arising from this report, although the Council has received notification of the Audit Scale Fee for 2023/24 of £139,897. The sum of £175,000 has been allowed within the 2023/24 budget, although this also makes allowance for grant certification work in relation to the Housing Benefit Subsidy claim. Historically, the cost of grant certification has been in the region of £15,000, so the budget allows approximately £20,000 headroom for unforeseen work. The Council may face additional resourcing costs in order for the audit of the Statements of Accounts to be brought fully up to date. DLUHC has declared its intention to make new burdens funding available but final details have not yet been shared.

6. What are the risks and how can they be reduced?

6.1

Current Risk	Actions to reduce the risks
That the additional burdens placed on the Council by the increase in the audit fees and reporting requirements and associated resource will not be covered by additional funding.	This will be kept under review and reflected in the annual budget process and MTFS projections.
That the delay and mechanisms for the outstanding audits to be signed off by the external auditors impact on this years external audit.	Officers have engaged with both sets of external auditors to put plans in place to ensure that audits are progressed in line with current guidance and to minimise further delays where possible.

7. Other options considered

7.1 None

8. Other significant issues

8.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

9. Appendix

9.1 Appendix A – Update report from Ernst & Young

10. Background paper(s)

None

11. Report author's contact details

Sarah Pennelli Executive Director (S151 Officer)
Sarah.Pennelli@Blaby.gov.uk 0116 272 7650