

Audit and Standards Committee – Tuesday 11 July 2023

Update regarding the situation with external audit provision

Recommendation(s)

I recommend that:

- a. Members note the attached letter from the external auditors

Local Member Interest:

N/A

Report of the Director of Finance

Report

Background

1. Members are aware of the delays currently being experienced nationally in local government with the external audit of accounts. These relate partially to the issue around accounting for infrastructure assets and the County Council has complied with the guidance on this issue, with information submitted to EY in March 2023.
2. The statutory deadline for publication of the draft Statement of Accounts for 2022/23 was 31st May 2023 and the County Council achieved this, including the Pension Fund accounts.
3. The Pension Fund is not affected by the issue around accounting for infrastructure and its accounts for the years 2020/21 and 2021/22 have been audited. The audit of the 2022/23 accounts is underway currently.
4. The letter attached at Appendix 1 was sent on 23rd May 2023 to all Section 151 Officers of authorities who are clients of Ernst & Young.
5. The letter provides an update on EY's expected timescales for concluding any open audits relating to prior years and for starting the audit of the 2022/23 Statement of Accounts.

6. The key paragraphs are:

'For open 2019/20, 2020/21 and 2021/22 audits our aspiration is to: sign the earlier audit and substantially progress the subsequent audit by the end of December 2023; with a small number being conducted in the early part of 2024. We are currently working through our phasing of these audits and will be able to share the proposed timing of your audits in due course.

Therefore, we will not be commencing 2022/23 financial year audits prior to this, although where capacity allows, we will evaluate the best way to utilise this within our portfolio based on a number of factors, including size and risk. We are reviewing our plans to work through this segment of work, so we can give you a better indication of the timing of your 2022/23 audit later in the year.'

7. Members are asked to note the timescales involved and to reflect on these in light of the verbal update on progress, later on this agenda.

Equalities Implications

None

Legal Implications

None

Resource and Value for Money Implications

As set out above

Risk Implications

As set out above

Climate Change Implications

None

List of Background Documents/Appendices:

Appendix 1 – Letter sent by Ernst & Young LLP

Contact Details

Assistant Director: Rachel Spain, Chief Accountant

Report Author: Rachel Spain
Job Title: Chief Accountant

Telephone No.: 01785 854455

E-Mail Address: Rachel.spain@staffordshire.gov.uk