



CORPORATE GOVERNANCE COMMITTEE – 28 JANUARY 2022

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

EXTERNAL AUDIT - PROGRESS REPORT AND SECTOR UPDATE

Purpose of Report

1. To present a copy of a progress report and sector update from the Council's External Auditors (Grant Thornton UK LLP) for consideration and comment.

Policy Framework and Previous Decisions

2. The Committee noted and commented on the 2020/21 External Audit Plan and Risk Assessment for the Council and its Pension Fund at its meeting on 4 June 2021.
3. At its meeting on 3rd December 2021, the Committee considered a report which set out the key findings from the External Audit of the 2020/21 financial statements, conducted by Grant Thornton, and presented draft letters of representation for approval.
4. The Committee has considered a number of reports (in November 2019; January and November 2020; and January and June 2021) which provided updates on developments in local (external) audit arrangements, such as outcomes from the Redmond Review, in association with its responsibilities.

Background

5. This report is intended to provide a general update on external audit work undertaken by Grant Thornton in respect of the County Council's accounts along with those of its Pension Fund, and an update on current sector issues for information.
6. The sector updates are available quarterly. In future these will be included as part of the Risk Management reports to the Committee.

Audit Progress Report

7. The Council's External Auditors, Grant Thornton UK LLP, have prepared a report 'Leicestershire County Council and Pension Fund Audit Progress Report and Sector Update', a copy of which is attached as an Appendix to this report.

8. The report provides the Committee with an update on Grant Thornton UK LLPs progress in delivering against its responsibilities. The report includes:
- Audit progress at January 2022 – confirms the approval of the 2020/21 financial statements on 13 December 2021.
 - Value for Money update – the National Audit Office (NAO) extended the deadline that reports are to be no more than three months after the approval of the accounts. A copy has now been received, as part of the Auditor’s Annual Report, which will be reported as a separate item on this agenda.
 - Audit Deliverables – a summary of key audit deliverables. These have all been completed during the reporting period, except the Auditor’s Annual Report that has subsequently been completed.
 - Financial Reporting Council (FRC) – outcome of the FRC’s review of Grant Thornton’s audits which shows no significant improvements are required.
 - Final audit fees for 2020/21 – confirmation that the final audit fees are the same as the planned audit fees.
9. The report also includes various public sector updates including:
- ‘What can be learned from Public Interest Reports’
 - A summary of Local Authority Covid-19 pressures as published by the Ministry of Housing, Communities and Local Government (MHCLG) (now known as the Department for Levelling Up, Housing and Communities).
 - Central Government’s response to the MHCLG on Local Authority sustainability and the section 114 regime.
 - Central Government’s response to the Redmond Review
 - The Public Accounts Committee’s inquiry into local auditor reporting on local authorities.
 - Updates from Public Sector Auditor Appointments (PSAA) on audits for 2020/21 and the PSAA’s arrangements for appointing external auditors from 2023/24.
10. Representatives from Grant Thornton will attend the meeting to present the report and answer any questions.

Recommendation

11. The Committee is asked to note the attached report and to provide any comments.

Equality and Human Rights Implications

12. None.

Circulation Under the Local Issues Alert Procedure

13. None.

Background Papers

Report to the Corporate Governance Committee on 4 June 2021 – External Audit Plan and Risk Assessment 2020/21:

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=6493&Ver=4>

Report to the Corporate Governance Committee on 3 December 2021 – External Audit of the 2020/21 Statement of Accounts, Annual Governance Statement and Pension Fund Accounts:

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=6825&Ver=4>

Report to the Corporate Governance Committee on 1 November 2019; 31 January and 25 November 2020; 29 January and 4 June 2021 – Audit and Governance Update/Developments in Audit and Governance/Update on Developments in Local (External) Audit Arrangements:

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=6053&Ver=4>

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=6053&Ver=4>

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=6361&Ver=4>

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=6493&Ver=4>

Officers to Contact

Chris Tambini, Director of Corporate Resources,
Corporate Resources Department,
Tel: 0116 305 6199 E-mail Chris.Tambini@leics.gov.uk

Declan Keegan, Assistant Director (Finance, Strategic Property and Commissioning)
Corporate Resources Department,
Tel: 0116 305 7668 Email: declan.keegan@leics.gov.uk

Appendices

Appendix – Leicestershire County Council and Pension Fund Audit Progress Report and Sector Update

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