

MANAGEMENT COMMITTEE – 29 JUNE 2022
EXTERNAL AUDIT OF THE 2020/21 FINANCIAL STATEMENTS
JOINT REPORT OF THE DIRECTOR AND CONSORTIUM TREASURER

Purpose of Report

1. To report the key findings from the external audit of the 2020/21 financial statements

Background

2. Most local government and private companies (or a certain size) are required by law to have an annual audit by external chartered accountants. The auditors will normally confirm that the information in the financial statements give a 'true and fair' view and are not materially wrong, and/or they may draw attention to anything in the financial statements that they are required to.
3. ESPO, as a joint committee set up under Section 102 of the 1972 Local Government Act, is not legally required to have an audit. However, there are significant benefits to undertaking one as it gives a level of independent assurance to various stakeholders (the public, Management Committee, HMRC, banks, staff etc) over our financial statements and it supports our wider governance arrangements.
4. Grant Thornton (GT) are ESPO's auditors for 2020/21, with this being their second year. A copy of the auditor's report is attached as Appendix 1 to this report.
5. As set out in the report, GT propose to certify the 2020/21 financial statements with a 'qualified' opinion. (Normally you would want an 'unqualified' opinion). This directly follows the 2019/20 qualified opinion and is due to the same reason, being that Grant Thornton were unable to attend the stocktake on 31 March 2020. (Unfortunately, this affects both the 19/20 and the 20/21 Financial Statements). This was due to the national lockdown arising from the Covid-19 pandemic and was mutually agreed in the interest of safety of colleagues in both teams amidst the significant uncertainty over the pandemic at that time. The stocktake was attended as normal on 31 March 2021 with no issues being identified.
6. Except for this issue, GT are of the opinion that the financial statements give a true and fair view. No material adjustments (corrected or uncorrected), errors, internal control weaknesses or other issues are identified.

7. Included in Appendix 2 is the draft letter of representation from the Consortium Treasurer which is required by the auditors before issuing their formal audit opinion.
8. For completeness, appendices 3 and 4 contain details of the audit plan and the risk assessment undertaken by GT.
9. Avtar Sohal, the Grant Thornton audit director who is responsible for the audit, will attend the Committee meeting on the 29 June 2022 to communicate any significant findings and answer any questions.
10. The 2020/21 financial statements are presented to the Management Committee for approval elsewhere on the agenda for this meeting.

Recommendation

11. The Committee is asked to approve the external audit of the financial statements 2020/21.

Equal Opportunities Implications

12. None

Officer to Contact

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Appendices

Appendix 1 – The audit findings for ESPO - Report to those charged with governance on the audit for the year ended 31 March 2021 (ISA 260 (UK&I))

Appendix 2 – Draft letter of representation from the Consortium Treasurer to the auditors

Appendix 3 – The audit plan for ESPO for the year ended 31 March 2021

Appendix 4 – Informing the audit risk assessment for the year ended 31 March 2021