

FINANCE AND AUDIT SUB COMMITTEE – 11 OCTOBER 2023**EXTERNAL AUDIT OF THE 2022/23 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 2022/23 financial statements and the Subcommittee is asked to note the report.

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. Following a successful tender exercise at the start of 2022 which was overseen by the Chief Officers Group, Fortus Audit LLP was appointed as auditors from 2021/22. In July 2023, the Midlands offices of Fortus Audit LLP merged with TC Group Limited, and TC Group Limited took over as auditor. We retained the same audit Director and audit team. We are in the process of novating the contract to TC Group as per our original contract and in compliance with procurement regulations.
5. TC Group have concluded their audit and, in exercising good governance, are given the opportunity to report their findings directly to members. Following the decision by the Management Committee in March 2023 to revise the Finance and Audit Subcommittee's Terms of Reference, the remit to review and approve the external audit findings now is the responsibility of the Subcommittee.
6. A copy of the auditor's report is attached at the Appendix to this report and the audit director from TC Group will attend the Subcommittee meeting to provide an overview and receive any questions.

7. TC Group expect to issue an 'unqualified' audit opinion for 2022/23, which is the desired outcome of the audit. No material weaknesses in internal control have been identified and no significant governance or compliance concerns have been raised.
8. The 2022/23 financial statements are presented to the Subcommittee elsewhere on the agenda for this meeting.

Recommendation

9. The Committee is asked to note the external audit of the financial statements 2022/23.

Equal Opportunities Implications

10. None.

Officer to Contact

Kristian Smith, Director
K.Smith@ESPO.org
0116 265 7931

Declan Keegan, Consortium Treasurer
Declan.Keegan@leics.gov.uk
0116 305 7831

Appendix

ESPO – Audit Findings Report (year ended 31 March 2023)