

AUDIT AND GOVERNANCE COMMITTEE

8 MARCH 2024

EXTERNAL AUDIT - AUDITOR'S ANNUAL REPORT 2022/23

Recommendation

1. The Chief Financial Officer recommends that:

- a) The Annual Audit Report 2022/23 as set out as an Appendix be noted;**
- b) The Committee considers whether it wishes to receive any further reports on information contained in the report, and;**
- c) The Committee considers whether there are any issues arising from the report that it wishes to report to the Council.**

Background

2. Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), the external auditor is required to report whether, in their opinion, the group and Council's financial statements:

- a) give a true and fair view of the financial position of the group and the Council and their income and expenditure for the year; and**
- b) have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.**

3. This Annual Audit report follows the receipt and discussion of the Audit Findings Reports, which were brought to Committee in December 2023.

4. Grant Thornton is responsible for producing an Annual Audit Report which brings together all aspects of external inspection work undertaken across the County Council, including the audit work carried out on the accounts. The Annual Audit Report looks back over the 2022/23 year and summarises all of the reports and work that the external auditors have undertaken.

5. In addition, the external auditor is required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. External auditor's report their findings in this area in their Auditor's Annual Report sometimes referred to as the Value for Money conclusion under the following three areas:

- Financial Sustainability,
- Governance
- Improving Economy, Efficiency and Effectiveness

6. The conclusions from the External Auditor are summarised in the table below:

Criteria	2022/23 Audit Plan risk assessment	2022/23 Auditor judgement on arrangements	2021/22 Auditor judgement on arrangements	Direction of travel
Financial sustainability	The Council has set a balanced budget for 2023/24. The medium financial outlook is more uncertain, with budgets gaps of £22.4m identified for the 2024/25 financial year and gaps of £17.3m in 2025/26 and £10.5m in 2026/27. Due to the inherent uncertainty we have concluded that there is a significant risk of weakness in arrangements for delivering financial sustainability.	R Significant weaknesses in arrangements identified and two key recommendation made relating to Financial Sustainability and Dedicated Schools Grant Deficit. One improvement recommendation has also been made.	A No significant weaknesses in arrangements identified, but four improvement recommendations made.	↓
Governance	No risks of significant weakness identified at our audit planning stage.	R Significant weaknesses in arrangements identified in relation to the Council's Risk Management and Internal Audit arrangements. Two key and two improvement recommendations have been made.	A No significant weaknesses in arrangements identified, but three improvement recommendations made.	↓
Improving economy, efficiency and effectiveness	No risks of significant weakness identified at our audit planning stage.	G No significant weaknesses in arrangements identified, and no improvement recommendations made.	A No significant weaknesses in arrangements identified, but three improvement recommendations made	↑

G No significant weaknesses in arrangements identified or improvement recommendation made.
A No significant weaknesses in arrangements identified, but improvement recommendations made.
R Significant weaknesses in arrangements identified and key recommendations made.

7. A representative from Grant Thornton will present the findings at the meeting.

Contact Points

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Supporting Information

- Appendix: 2022/23 Annual Audit Report

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) there are no background papers relating to the subject matter of this report.