

Audit and Standards Committee

24 July 2019

External Auditor's Governance Report 2018/19

Recommendation

The Committee:

- 1) Endorses the Audit Findings Report of the External Auditors for Warwickshire County Council, attached at Appendix A, and consider whether there are any matters it wishes to bring to the attention of Council.
- 2) Approve, subject to any changes which may be necessary to the final draft, the wording of the Letter of Representation, attached at Appendix B.

1. Key Issues

- 1.1. Our external auditors, Grant Thornton, are required to report to those charged with governance on issues arising from the audit of the County Council's financial statements before issuing their final opinion. This report is in addition to the usual Audit Management Letter which will be presented to this Committee later this year. A separate audit findings report is required for the Warwickshire Pension Fund; this can be found elsewhere on today's agenda.
- 1.2. During the period of the audit of the 2018/19 accounts two national legal judgements have ruled there was discrimination in the way transitional protections were applied as pension schemes have been changed in recent years. These judgements have necessitated us changing the accounts in relation to both the firefighters pension scheme and the Local Government Pension Scheme. The changes relate to the estimates of future pension liabilities and there is no resource impact on the 2018/19 accounts.
- 1.3. The need to extend the audit to review how we have actioned these changes as well as capacity issues within Grant Thornton have meant that the 2018/19 Audit Findings report is not yet available. This will be circulated to the

Committee as soon as it is available and will form **Appendix A** to this report. The Engagement Partner for Grant Thornton and the Audit Manager will attend the meeting to present their report.

- 1.4. As part of the audit process the External Auditors require written confirmation about the fairness of various elements of the financial statements. This is known as the Letter of Representation. In the letter the Strategic Director of Resources and those charged with governance on audit matters declare that the financial statements and other presentations to the auditor are sufficient and appropriate and without omission of material facts to the financial statements, to the best of their knowledge.
- 1.5. The Audit and Standards Committee are asked to approve, subject to any changes which may be necessary to the final draft, the wording of the Letter of Representation for the County Council (**Appendix B**). The final version of the letters will be signed, by the Chair of the Council and the Strategic Director of Resources, when the accounts are approved by Council on 25 July 2019.
- 1.6. As is our usual approach, once the accounts are signed and approved we will be undertaking a review of the process, in conjunction with the External Auditors, to ensure that any lessons learned are built into the closedown/audit process for the 2019/20 accounts.

2. Financial Implications

- 2.1. None.

3. Background Papers

- 3.1. None.

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The report was circulated to the following members prior to publication:

None