

# **Audit and Standards Committee**

**24 September 2021**

## **Warwickshire County Council and Warwickshire Pension Fund Statement of Accounts 2020/21 – Progress Update**

### **Recommendation**

The Committee is asked to:

- Consider the progress on the audit of the 2020/21 Statement of Accounts and consider the progress report of the External Auditors, attached at Appendix A; and
- Note the proposed wording on the reason for the delay to the publication of the accounts with an audit opinion to be used on the Council's website, attached at Appendix B, which will be finalised by the Strategic Director for Resources in line with statutory requirements.

### **1. Key Issues**

- 1.1. This report presents an update on the progress of the audit of the Statement of Accounts for 2020/21 and other sector issues highlighted by our external auditors.
- 1.2. The draft Statement of Accounts for Warwickshire County Council including the Narrative Statement, Annual Governance Statement and the Accounts of the Warwickshire Pension Fund were published on 30 June 2021. The statutory deadline for doing this under The Accounts and Audit (Amendment) Regulations 2021 was 31 July 2021. The documents were then provided to our external auditors to enable them to begin the audit at the same time. The statutory deadline for completion of the audit and publishing the audited accounts with an audit opinion, in accordance with those regulations, is 30 September 2021.
- 1.3. Due to a number of factors beyond our (and their) control, our external auditors, Grant Thornton, are not in a position to complete the audit by 30 September 2021. We are therefore required to re-publish the unaudited accounts, with any required amendments we know about, by 30 September. This re-publishing has to be accompanied by a statement saying why the accounts do not contain an audit opinion.

- 1.4. A progress report from the External Auditors which provides more detail on the latest position is attached at **Appendix A**. In addition, the report also covers a sector update including briefings on topics such as an update on Covid 19 pressures and on audit appointments processes. The audit partner lead will attend the meeting to present their report. The Committee is asked to consider the report attached at Appendix A.
- 1.5. A draft of the statement we plan to issue, saying why the accounts do not contain an audit opinion, is attached at **Appendix B**. This is the first time we have found ourselves in the position of having to issue such a statement. It is based on similar statements published by other authorities in previous years. The Committee is asked to note the statement attached at Appendix B which will be finalised by the Strategic Director for Resources in line with statutory requirements.
- 1.6. Officers within the authority have worked and continue to work closely with our auditors. Work is progressing well and we have agreed with Grant Thornton a revised timetable for the completion of this year's audit, the reporting to Audit and Standards Committee of the outcome of the audit and scrutiny of the Accounts and Council to approve the Accounts for publication and presentation of the Auditors Annual Report on Value for Money as highlighted in page 8 of the report.
- 1.7. The current timetable for the completion of the audit and the publication of the accounts is set out in the table below.

| Date  | Committee                     | Reports   |
|---|-------------------------------|---|
| 4 November 2021                                   | Audit and Standards Committee | <ul style="list-style-type: none"> <li>• Audit Findings report</li> <li>• County Council accounts</li> <li>• Annual Governance Statement</li> <li>• Pension Fund accounts</li> </ul>  |
| 14 December 2021                                  | Full Council                  | <ul style="list-style-type: none"> <li>• Auditors Annual Report</li> <li>• County Council accounts</li> <li>• Annual Governance Statement</li> <li>• Pension Fund accounts</li> </ul> |
| After the meeting of full Council                 | -                             | Auditors Report (audit opinion) signed  |
| Within 2 days of the Auditors Report being signed | -                             | Publication of all documents  |

- 1.8. We are aware of one material amendment that will impact both the County Council and Pension Fund accounts. The amendment relates to the valuation of some of the Pension Fund Investments. When the Pension Fund accounts were drafted a number of estimated valuations were used, as is normal practice and unavoidable if we were to meet the statutory deadlines for publishing draft accounts. However, the market has shown a lot of volatility in some areas, so there was always a risk doing this in the current environment. We now have the

actual valuations and there has been a material (positive) shift in our valuations of circa £50m in total. This represents around a 1.8% increase in our overall Pension Fund assets. On one hand the increase is positive in terms of netting down our overall pension fund liability. However, we will have to adjust the Pension Fund accounts for this material increase. As roughly 50% of the Pension Fund assets are attributable to the County Council it also means there is a material change to the Council's net pension liability that will also require adjustment.

## 2. Financial Implications

- 2.1. There is a small cost of £350 for requesting additional reports from the Pension Funds actuary to ensure the all the impacts are reported accurately.

## 3. Environmental Implications

- 3.1. None.

## 4. Background Papers

- 4.1. None.

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