

Audit and Standards Committee

25 March 2022

External Auditors' Annual Audit Report 2020/21 and County Council Management Response and Action Plan

Recommendation

That the Audit and Standards Committee:

- i. Note the 2020/21 Annual Audit Report of the External Auditors, attached at Appendix A; and
- ii. Comment on the draft action plan, attached at Appendix B in response to the Annual Audit Report prior to its consideration and approval by Cabinet.

1. Annual Audit Report 2020/21

- 1.1. A new Code of Audit Practice came into force from 1 April 2020 for audit years 2020/21 onwards. The most significant change under the new Code is the introduction of an Auditor's Annual Report, containing a commentary on the Council's arrangements for securing value for money alongside the audit opinion on the Council's accounts.
- 1.2. The purpose of preparing and issuing the Annual Audit Report is to communicate to the audited body and key external stakeholders, including members of the public, the key issues arising from auditors' work, which auditors consider should be brought to the attention of the audited body.
- 1.3. Previously, the report came in the form of an Annual Audit Letter which was presented to this Committee. The new Code of Audit Practice that means this now has to be reported to full Council. The Report, for 2020/21, attached at **Appendix A**, covers both the County Council and Warwickshire Pension Fund and was considered by full Council at its meeting on 14 December 2021.

- 1.4. Following Council's consideration of the Annual Audit Report it was agreed that a management response and action plan should be developed in response to the issues raised and be taken to Cabinet for approval on 12 April 2022 after consideration by this Committee.
- 1.5. The Annual Audit Report is central to the work of this Committee and closes the loop on the work of the Committee and the external auditors in respect of 2020/21.

2. Management Response and Action Plan

- 2.1. The Annual Audit Report included one key recommendation and eight improvement recommendations.
- 2.2. The Authority takes account of all observations and recommendations from independent reviews in the way it operates, to ensure it can demonstrate it operates effectively and provides value for money for taxpayers and the people of Warwickshire. A draft management response and action plan to the Report's recommendations has been prepared and is attached at **Appendix B**.
- 2.3. The recommendations from the External Auditors fall into two categories – those that recommend a specific action is undertaken and those that relate to the process/approach to an issue. For recommendations in the former category the recommendation has been or is in the process of being delivered and this is set out in Appendix B. For those recommendations that are process/approach related, the Authority is of the view that it is already delivering the recommendation, albeit not in the way set out in the report. Appendix B sets out how the Authority already delivers on the reason for the recommendation and why we are of the view that the existing approach meets the expectations around financial sustainability, governance and improving economy, efficiency and effectiveness.

3. Financial Implications

- 3.1. There are no material financial implications for the authority as a result of the issues raised in this report.

4. Environmental Implications

- 4.1. There are no specific environmental implications arising from this report.

5. Background Papers

5.1. None.

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Local Members consulted

Not applicable

Other Members consulted

None