

Audit and Standards Committee

23 May 2024

Update on External Audit Certification

Recommendations

The Audit and Standards Committee is asked to:

1. Consider and make any comments on the attached External Auditors' Progress Report and Sector Update.
2. Note the External Auditor's conclusion to the objection to the 2017/18 Warwickshire County Council Statement of Accounts.

1. Purpose of the Report

1.1. The purpose of this report is twofold:

- For our external auditors to inform the Committee of their progress in delivering their responsibilities as our external auditors, including a summary of emerging national issues and developments.
- To update the Committee on the conclusion of the external auditor's work on the objection to the accounts of Warwickshire County Council for the financial year ended 31 March 2018.

External Audit Progress Report

1.2. Grant Thornton have provided their Audit progress report and sector update report to the Committee. The report contains an update on the 2017/18 objection and also covers a sector update including briefings on topics such as addressing the delays in local audit and other emerging issues within local government finance. The Audit Engagement Manager will attend the meeting to present their report. The Committee is asked to consider the report attached at **Appendix A**.

2017/18 Accounts Objection

- 1.3. The objection to the Council's 2017/18 accounts was raised by a member of the public on 11 July 2018 as part of the annual period set aside for the public inspection of accounts. It concerned the Council's application of receipts received from a housing developer under section 106 of the Town and Country Planning Act 1990 in the development of education provision at a local school. Specifically, the objection was that the Council had incorrectly recognised the developer contribution within the Comprehensive Income and Expenditure Statement in 2017/18.
- 1.4. In order to determine the objection, Grant Thornton carried out the following:
- reviewed the written submission of 11 July 2018;
 - met with Council officers to discuss the issues referred to in the objection;
 - invited the Council to respond to the objection and reviewed the Council's responses and supporting information;
 - reviewed relevant documentation including, but not limited to, the section 106 agreement in question and reports to the Council's Cabinet;
 - considered whether the Council's accounting for the section 106 receipts were in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom for 2017/18 (the 'CIPFA Code');
 - drafted a statement of provisional views and shared this with the objector and the Council to provide the objector with an opportunity to make representations thereon; and
 - considered the representations the objector made on Grant Thornton's provisional views, making additional enquiries as necessary.
- 1.5. Grant Thornton formally closed their consideration of the objection in a letter to the objector dated 10 April 2024 and this has been shared with the Chair of this Committee. In the letter, Grant Thornton concluded that no further action would be taken, however, as part of their investigation, Grant Thornton's letter contained one recommendation to the Council:
- “Where section 106 agreements contain specific legal conditions that need to be met in order for the funds to be utilised, Council reports should contain a section which adequately demonstrates how these have been considered and complied with.”*
- 1.6. The Council has already taken action to ensure all future reports recommending the approval for use of developer contributions are consistent with this recommendation.

1.7. As the objection has now concluded, Grant Thornton will be able to provide audit certification to formally close their audits of Warwickshire County Council and Warwickshire Pension Fund accounts from 2017/18 to 2022/23. The audit certificates will be uploaded to the County Council's website, to be added alongside the Statement of Accounts for the respective years.

2. Financial Implications

2.1. The work undertaken by Grant Thornton to resolve the objection has resulted in an additional cost to the Council of £9,000. The cost has already been provided for in prior years accounts.

3. Environmental Implications

3.1. There are no environmental implications arising from this report.

4. Background Papers

4.1. None.

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Elected Members have not been consulted in the preparation of this report.