



**REPORT of
DIRECTOR OF RESOURCES**

**to
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
23 SEPTEMBER 2021**

UPDATE ON THE AUDIT OF THE 2020/21 ACCOUNTS

1. PURPOSE OF THE REPORT

1.1 To update members on the audit of the 2020/21 accounts.

2. RECOMMENDATIONS

(i) That the report be considered.

3. SUMMARY OF KEY ISSUES

3.1 Due to the pandemic, last year Councils were required to publish their 2019/20 draft accounts by 31 July 2020 and their audited accounts by 30 November 2020. The Council achieved these timeframes.

3.2 For this year the requirements have been moved forward and are to publish 2020/21 draft accounts by 30 June 2021 and audited accounts by 30 September 2021. The Council published its draft accounts by 30 June 2021 but will be unable to have audited accounts by 30 September 2021. After this date, The Accounts and Audit Regulation 2015 requires the Council to publish an explanation of why the audited accounts are not available.

4. ACCOUNTS CLOSURE PROGRESS

4.1 Although the audit timeframe has been moved forward from last year, the pandemic has impacted more on this year's closing process than last year's. This is due to a variety of factors:

- Consistent with the national infection rates, more staff have been impacted by the virus during this closure period.
- The Council is still responding to the pandemic and delivering business as usual activities. For example, starting events again this year, paying business grants, supporting local businesses, COVID enforcement and guidance, additional grant funded activities, supporting vaccinations and testing.
- Increased accounting complexities particularly around grants and the Collection Fund (Council Tax and NNDR) due to new legislation and schemes.
- Increased volume of transactions caused by grants and COVID initiatives.

- Additional audit work caused by increased audit requirements (e.g. value for money) and COVID.
 - Availability of audit staff caused by a national shortage and the pandemic.
- 4.2 In addition, the Council is reliant on external bodies for parts of the accounts and audit, including Essex Pension Fund. As the Council's share of the pension fund is included in its accounts there is a reliance on the Pension Fund's auditors to complete their work. However, the Council has been informed that the Pension Fund audit will not be completed until at least the end of September. This does not allow the Council's auditors time to carry out the work they would need to do before the 30 September and therefore the Council will be unable to publish audited accounts by this date.
- 4.3 Aside from the issues already listed, the small accounting team also experienced resource challenges. Two members of the team left at short notice during the preparation of the accounts including the interim who was leading on the closure and handing over. The draft accounts were still prepared on time, but this did have an impact on the preparation of the audit working papers. COVID related sickness also impacted the team during the audit.
- 4.4 The accountancy team are now fully resourced with permanent staff, in accordance with the structure. Consideration is being given by the Section 151 Officer as to any additional resourcing requirement that may be needed for the future to help build resilience and capacity.
- 4.5 The external auditors have also experienced resourcing issues. This has meant that that they have not been able to continue allocating resources to audit the outstanding items.
- 4.6 Currently the delay has not impacted on audit fees, but the audit work is still ongoing, so the final position is not yet known. Discussions on the fees remain unchanged from that previously reported to Committee members with the fees going to Public Sector Audit Appointments Ltd to be reviewed once the audit is concluded.
- 4.7 No significant areas of concern have been raised by the auditors about the statement of accounts to date. It is anticipated that the accounts will be ready for approval at the next Committee meeting on 18 November 2021.

5. CONCLUSION

- 5.1 The Council's 2020/21 accounts will not be audited by 30 September 2021 and a notification will be published on the Council's website explaining this is due to resourcing issues which have delayed the audit of the accounts.

6. IMPACT ON STRATEGIC THEMES

- 6.1 Producing the statement of accounts is a statutory duty.

7. IMPLICATIONS

- (i) **Impact on Customers** – None

- (ii) **Impact on Equalities** – None
- (iii) **Impact on Risk** – None
- (iv) **Impact on Resources (financial)** – Outlined in the report
- (v) **Impact on Resources (human)** – None
- (vi) **Impact on the Environment** – None
- (vii) **Impact on Strengthening Communities** - None

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