



Open Report on behalf of Andrew Crookham - Executive Director - Resources

Report to:	Audit Committee
Date:	15 November 2021
Subject:	External Auditor's Annual Report and Audit Completion Reports 2020/21

Summary:

The external audit of the Council's accounts by Mazars is nearing its conclusion, with the Pension Fund audit already complete.

The auditor has provided a Value for Money Progress Report for Lincolnshire County Council for the year ended 31 March 2021 and this is attached as Appendix A. It will not be finalised until after the audit has concluded (see paragraph 1.3 for further information).

The auditor has also provided an Audit Completion Report for Lincolnshire Pension Fund, and a draft Audit Completion Report for Lincolnshire County Council. These are attached as Appendices B and C respectively. A final Audit Completion Report for Lincolnshire County Council will be issued after the audit has concluded.

A supplementary item has also been provided by Mazars, which is the conclusion of pending matters relating to the Audit Completion Report for the Lincolnshire Pension Fund attached at Appendix D.

Mazars representatives will be in attendance at the meeting to present these reports. This covering report explains the broad content of the appended reports.

Recommendation:

It is recommended that the Audit Committee considers the draft Auditor's Annual Report and the Audit Completion Reports and identifies any further information or actions that may be required.

Background

- 1.1 The Auditor's Value for Money Progress Report and two Audit Completion Reports provide updates on the findings of our external auditor arising from their audit work this year. Mazars representatives will be in attendance at this meeting to present their findings, allowing members of the Committee to ask questions and make comments following the presentation.
- 1.2 The Value for Money Progress Report (Appendix A) includes a commentary on their findings relating to the Council's value for money (VFM) arrangements.
- 1.3 The report covers Council's arrangements in respect of financial sustainability, governance and improving service delivery. Generally the VFM conclusions refer to no adverse indications, although there are some recommendations for improvement in a small number of areas. The Auditor's Annual Report is in draft format because a report from Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services is due to be published in December 2021 following their inspection of Lincolnshire Fire & Rescue Service this year. Mazars are awaiting the issuing of this inspection report to confirm whether or not it impacts on their VFM assessment.
- 1.4 The Audit Completion Report 2020/21 for Lincolnshire Pension Fund (Appendix B) is a final report, and it concludes that there are no significant control deficiencies and no unadjusted misstatements to be reported to the Audit Committee. An unqualified audit opinion is expected to be issued and the timing of this will be alongside the audit opinion on the Lincolnshire County Council accounts. The Summary of Misstatements section includes reference to the valuation updates for unquoted assets which have been adjusted for in the accounts. Mazars have also provided a conclusion of pending matters in addition to the Audit Completion Report for the Pension Fund and this is attached at Appendix D.
- 1.5 The draft Audit Completion Report for Lincolnshire County Council (Appendix C) sets out the areas of the audit which are still in progress in section 2. The Summary of Misstatements section includes details of a number of misstatements. The most significant of these is the material adjustment to the Pension Liability following the receipt of a revised actuarial report which reflected the updated unquoted asset valuations. There are also some lower value misstatements reported which, when extrapolated, indicate a more significant level of misstatement. The report also includes four internal control recommendations in section 5. A management response to all reported items is in the process of being collated.
- 1.6 The two Audit Completion Reports include draft audit opinions and draft management representation letters. Once we are advised by Mazars that the audit opinions are almost ready to be issued, we will arrange for the management representation letters to be signed by the Executive Director of Resources.

Conclusion

- 2.2 The audit has not yet concluded for Lincolnshire County Council, which means that further changes may be required to the accounts, and final reports will need to be issued by Mazars. Any further changes will be notified to the Chairman of the Audit

Committee and, if these are significant, they will be reported to a future meeting of the Committee.

Consultation

a) Risks and Impact Analysis

Appendices

These are listed below and attached at the back of the report	
Appendix A	Auditor's Value for Money Progress Report 2020/21
Appendix B	Audit Completion Report Lincolnshire Pension Fund 2020/21
Appendix C	Draft Audit Completion Report Lincolnshire County Council 2020/21
Appendix D	Audit Completion Report Lincolnshire Pension Fund 2020/21 follow up letter

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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