



Coventry City Council

Public report

Audit and Procurement Committee

25th November 2024

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources - Councillor R Brown

Director Approving Submission of the report:

Director of Finance and Resources (Section 151 Officer)

Ward(s) affected:

City Wide

Title: External Audit Documentation Relating to the Council's 2020/21, 2021/22 and 2022/23 Statutory Accounts

Is this a key decision?

No

Executive Summary:

The purpose of this report is to request that the Audit & Procurement Committee note, accept and authorise, as appropriate, a series of documents from the external auditor, Grant Thornton, relating to the Council's 2020/21, 2021/22 and 2022/23 statutory accounts.

Earlier this year, the Government passed legislation designed to address the backlog in the completion of local authority accounts. This legislation specified 'backstop' deadlines for the completion of audit work relating to particular financial years. The 13th December 2024 was set as the deadline for all years up to and including 2022/23. In the event of uncompleted audits, auditors would be required to issue either qualified opinions or disclaimers, as appropriate.

As a result of significant delays in the completion of the audit of the 2019/20 accounts, it has not been possible for Grant Thornton to complete the audit of the 2020/21 accounts, and they have not begun the audit of either the 2021/22 or 2022/23 accounts.

Grant Thornton have provided an Audit Findings Report for the work carried out on the audit of the 2020/21 accounts, and an Audit Report explaining the position on the 2021/22 and 2022/23 accounts. They have also drafted disclaimed opinions; relating to

2020/21, 2021/22 and 2022/23 and proposed 'management letters of representation' for the Council to review.

Recommendations:

Audit and Procurement Committee is recommended:

- 1) To note the details presented in the 2020/21 Audit Findings Report, and the Audit Report for 2021/22 and 2022/23.
- 2) To accept the disclaimed opinions provided by the external auditor in relation to the 2020/21, 2021/22 and 2022/23 accounts.
- 3) To grant authorisation for the requested letters of representation, in relation to these financial years, to be signed and returned to the external auditors.

List of Appendices included:

- Appendix 1 – Audit Findings Report 2020-21
- Appendix 2 – Audit Report 2021-22 and 2022-23
- Appendix 3 – Disclaimer of opinion due to backstop 2020-21
- Appendix 4 – Disclaimer of opinion due to backstop 2021-22
- Appendix 5 – Disclaimer of opinion due to backstop 2022-23
- Appendix 6 – Letter of representation 2020-21
- Appendix 7 – Letter of representation 2021-22
- Appendix 8 – Letter of representation 2022-23

Background Papers

None

Other useful documents:

None

Has it been or will it be considered by Scrutiny?

The Audit and Procurement Committee will review the documentation submitted to them by the Council's external auditor.

Has it been or will it be considered by any other Council Committee, Advisory Panel, or other body?

No

Will this report go to Council?

No

Report title: External Audit Documentation Relating to the Council's 2020/21, 2021/22 and 2022/23 Statutory Accounts.

1. Context (or background)

- 1.1 In September 2024, the Government passed legislation designed to address the backlog in the completion of local authority accounts. This legislation specified deadlines for the completion of audit work for particular financial years. In the event of uncompleted audits by the specific deadlines, auditors would be required to issue either qualified opinions or disclaimers, as appropriate.
- 1.2 The relevant deadline for the accounts of financial years up to and including 2022/23 is 13th December 2024. Grant Thornton have not been able to complete the audit of the Council's 2020/21 accounts and have not started the audit of the 2021/22 and 2022/23 accounts. This is primarily due to the significant delays in the completion of the audit of the 2019/20 accounts, which the Committee has been briefed on previously.
- 1.3 The documents from Grant Thornton which are attached as appendices to this report detail the situation in relation to the three uncompleted years and deal with the necessary matters required in advance of the deadline. In particular, they have issued an Audit Findings Report (AFR) in relation to the work they had previously carried out on the 2020/21 accounts.
- 1.4 In addition, Grant Thornton have provided an Audit Report for 2021/22 and 2022/23 clarifying that it was not possible to audit the accounts for these years and detailing the other non-audit work that they did carry out.
- 1.5 Although some audit work was carried out on the 2020/21 accounts this was not sufficient for the auditor to issue a qualified opinion. As a result, Grant Thornton have issued disclaimers with regards to all three years' accounts (2020/21, 2021/22 and 2022/23). To complete the administrative process, the auditor provides draft management letters of representation, one for each respective year of accounts, for the Council to review and authorise.

2. Options considered and recommended proposal

- 2.1 A decision not to agree to these recommendations would result in the Council not meeting the statutory deadline of 13th December 2024 for approving and publishing accounts for all years up to and including 2022/23.

3. Results of Consultation Undertaken

- 3.1 None

4. Timetable for implementing this decision

- 4.1 If the Committee approve the proposed recommendations, the auditors disclaimed opinions will be appended to the 2020/21, 2021/22 and 2022/23 accounts. These accounts will then be published on the Council's website as soon as is practicable, and in advance of 13th December 2024.

5. Comments from the Director of Finance and Resources (section 151 Officer) and the Director of Law and Governance

5.1 Financial Implications

There are no regulatory penalties for missing the accounting deadlines. However, failure to comply with the accounting deadlines would likely result in additional work for officers and the Council's auditors, which would be reflected in additional audit costs.

5.2 Legal Implications

On 5 September 2024 parliament approved the Accounts and Audit (Amendment) Regulations 2024. These regulations set a publication date for financial statements up to and including 2022/23 by 13th December 2024. Where audit work is not concluded, this will result in either a qualification or disclaimer of opinion.

6. Other implications

- 6.1 **How will this contribute to achievement of the One Coventry Plan?**
(<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>)

N/A

- 6.2 **How is risk being managed?**

N/A

- 6.3 **What is the impact on the organisation?**

It remains important for the Council to ensure timely and accurate reporting of the Council's financial position.

- 6.4 **Equalities / EIA**

No impact

- 6.5 **Implications for (or impact on) Climate Change and the environment**

No impact

- 6.6 **Implications for partner organisations?**

No impact

Report author:

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Contributor/approver name	Title	Service area	Date doc sent out	Date response received or approved
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Karen Tyler	Chief Internal Auditor	Finance and Resources	12/11/24	15/11/24
Names of approvers for submission: (Officers and Members)				
Barry Hastie	Director of Finance and Resources (Section 151 Officer)	-	12/11/24	15/11/24
Oluremi Aremu	Head of Legal and Procurement Services	Law and Governance	12/11/24	15/11/24
Councillor R Brown	Cabinet Member for Strategic Finance and Resources	-	12/11/24	14/11/24

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