

REPORT OF Finance Manager and S.151 Officer

To: Audit and Governance

Subject: Update to the 2021/22 and 2022/23 External Audit

Date: 26th September 2023

Reference:

PURPOSE OF REPORT:

To update members on developments in the External Audit of the 2021/22 and 2022/23 Financial Accounts.

1. INTRODUCTION

Members of the Committee will be aware of the extended process of finalising the audit and signing off the accounts for the last two financial years.

2. REPORT

At the Audit & Governance Committee on the 27th June 2023, councillors were updated on the delays to the signing off of the council's 2021/22 accounts and, in particular, the impact of the triennial actuarial review of the pension fund's liabilities. Without wishing to fully revisit the debate around the accountancy and necessity of adapting both of those year's accounts, the decision was made not to restate the accounts.

Since the Committee met, our external auditors have clarified their position on Torridge's decision not to restate their accounts. Grant Thornton stated that this decision runs the very real risk of formal qualification of both years' accounts.

Qualification of the accounts would impact on the council in several ways. This includes reputational damage both locally and potentially with central government, and also our bank could choose to revisit the mandate. It would also affect the relationship with our new external auditors and likely involve more work and increased costs for Torridge.

The report to the Audit & Governance Committee in June described the large amount of work necessary to restate the accounts, which was the position at the time. However, following the decision of the Committee on 27 June 2023 it has been possible to further engage with the External Auditors and as such we have been able to reach an agreed position that doesn't involve such extensive work for the Finance Team and still meets the requirements of the International Auditing Standards.

By making the necessary changes and (hopefully) achieving a clean set of accounts from these last years with Grant Thornton, we can start afresh with Bishop Fleming.

3. IMPLICATIONS

Legal Implications

No specific legal implications

Financial Implications

None

Human Resources Implications

None



Sustainability/Biodiversity Implications

None

Equality/Diversity

Not applicable

Risk Management

Potential impact on the Council's reputation if the Council's Accounts were to be qualified.

Compliance with Policies and Strategies

This report is in compliance with the Council's Constitution

Data Protection (GDPR) Implications

Not applicable

Climate Change

Not applicable

Lead Member View

Councillor Hackett

The proposed compromise allows the Council to draw a line under the ongoing challenge of getting the last two years accounts finalised whilst protecting our financial reputation.

4. RECOMMENDATION

That Members:

1. Note the restatement of the 2021/22 and 2022/23 accounts for changes due to the Actuarial Valuation of the Pension Fund.

Contact Officer: Gordon Bryant Finance Manager (section 151 Officer)

