

Surrey Heath Borough Council
Audit and Standards Committee
21 November 2022

**Update on the audit of the
Financial Statements
for the 2019/20 Financial Year**

Portfolio Holder:	Councillor Robin Perry- Finance
Strategic Director/Head of Service	Bob Watson
Report Author:	Tony McGuinness
Key Decision:	no
Date Portfolio Holder signed off the report	14 November 2022
Wards Affected:	All

Summary and purpose

To provide the Committee with an update on the work to complete the audit of the Council's financial statements for the 2019/20 financial year.

Recommendation

The Committee is advised to NOTE the

- (i) the report on the work to finalise the financial statements for 2019/20 financial year

1. Background and Supporting Information

- 1.1 This report provides an update on the work that has been undertaken to finalise the financial statements for the 2019/20 financial year so that they can be presented to this committee.
- 1.2 The last update that the Committee received was the verbal update that was given to the Committee at the meeting on the 25 July 2022. The Committee has also been receiving written updates on the audit every month as requested.

2. Supporting Information

- 2.1 Since the last update given to the Committee, the external auditors, BDO, have assigned an additional auditor to work with the Council's finance team to resolve the outstanding queries on the financial statements.

- 2.2 The team meet with the auditor on a regular basis at least twice a week to discuss the queries as well as updating the external auditors' portal (Inflo) where the queries are stored.
- 2.3 At the time of writing there are 19 unresolved queries stored on the Inflo system in the areas described in the table below

Area	Accounting adjustments	Cashflow Statement	Collection fund	Creditors Note	Debtors note	Financial statements	Payroll	Property, Plant and Equipment	total
Number of queries	1	1	3	2	6	3	2	1	19

- 2.4 In terms of the 19 queries none of them are material issues that could result in an audit qualification to the accounts. The vast majority are either presentational in terms of how the figures are shown or queries which require working papers to be explained or figures to be reconciled. The difficulty with explaining working papers is that most of the finance staff have left the Council since the working papers were prepared and so these staff are not available to explain the working papers to the auditors; this adds more time to the audit process as the current staff review and re-affirm the working papers.
- 2.5 Another issue with the queries is that when a query is answered the external auditors often ask another query which is often only loosely related to the original query so whilst the questions are answered the overall number of queries does not reduce.

3. Reasons for Recommendation

- 3.1 To provide the Audit Committee with an update on the latest position

4. Proposal and Alternative Options

- 4.1 The Committee is asked to note the report on the audit of the financial statements for 2019/20 financial year

5. Contribution to the Council's Five Year Strategy

- 5.1 The information contained within the financial statements for each financial year assist in the setting of budgets and supports the approved five year strategy.

6. Resource Implications

- 6.1 The resource implications are detailed in this report

7. Section 151 Officer Comments:

7.1 It is not uncommon that as an audit reaches its conclusion a number of relative minor questions occur and generate a further spate of questions. The team is directing itself to clear these as quickly as possible once they arise and hopefully the path to a completed set of accounts with an audit opinion is becoming clearer.

8. Legal and Governance Issues

8.1 Nothing to add to the report.

9. Monitoring Officer Comments:

9.1 Nothing to add to the report.

10. Other Considerations and Impacts

Environment and Climate Change

10.1 No impact

Equalities and Human Rights

10.2 No impact

Risk Management

10.3 No impact

Community Engagement

10.4 Where necessary engagement will be undertaken

Background Papers

Background Papers None

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