



**Governance and Audit
Committee**

**Tuesday, 29 November
2022**

**Subject: Report to those charged with Governance - EXTERNAL AUDIT
COMPLETION REPORT - ISA 260**

Report by:

Presented by: Michael Norman, Mazars

Contact Officer:

Peter Davy
Financial Services Manager

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Purpose / Summary:

To present to those charged with governance,
the External Audit report on the quality of the
Statement of Accounts and Annual Governance
Statement 2021/22.

RECOMMENDATION(S):

- 1. That members accept the content of this report.**

IMPLICATIONS

Legal: None from this report

Financial: FIN/113/23/PD

Our External Auditor, Mazars has been appointed from 1 April 2019 as part of the Public Sector Audit Appointments (PSAA) contract awards.

The fee for the audit was £48k in 2021/22.

(N.B.) All committee reports MUST have a Fin Ref

Staffing: None from this report

**Equality and Diversity including Human Rights:
None from this report**

Data Protection Implications:

Data is shared for audit purposes

Climate Related Risks and Opportunities:

None from this report

Section 17 Crime and Disorder Considerations:

None from this report

Health Implications:

None from this report

Title and Location of any Background Papers used in the preparation of this report:

Risk Assessment:

None from this report

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

X

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

x

No

1. **Background**

The Report to those charged with Governance is attached at Appendix A, the headlines of which include:

- An unqualified audit opinion on the 2021/22 Statement of Accounts.
- There was one material misstatement identified during the audit that has now been corrected by officers. This is in relation to the accounting for the payment to HMRC for the VAT partial exemption threshold being breached in 2019/20.
- There are two unadjusted misstatements to note in the following areas in relation to the Statement of Accounts:

1) Pension Scheme – Net Pension Liability

The Pension Fund advised that there has been an increase in the pension fund asset value in the time between the Actuary preparing the original IAS19 pension figures and the audit of the Council's accounts (September/October 2022). A new IAS19 report was therefore requested by the Council in October 2022 and the amount of the valuation increase to the asset value is £439k. The impact of this is to reduce the Council's net pension liability by the same sum.

2) Valuation of Property, Plant and Equipment

During the audit a small number of errors were identified in asset data used by the Valuer. Updated valuations for the affected assets were requested which has resulted in a net increase in the asset values of £88k.

Officers do not propose to adjust the financial statement for these two items on the grounds of materiality.

The report will be presented by Michael Norman, Audit Manager, Mazars.

The ISA260 report is attached at Appendix A