

Report of the Performance and Audit Scrutiny Committee: 30 March 2023

Report number:	CAB/WS/23/024	
Report to and date:	Cabinet	13 June 2023
'Outgoing' Cabinet member:	Councillor Sarah Broughton 'Outgoing' Portfolio Holder for Resources and Property Telephone: 07929 305787 Email: sarah.broughton@westsuffolk.gov.uk	
'Outgoing' Chair of the Performance and Audit Scrutiny Committee	Councillor Ian Houlder Telephone: 07597 961069 Email: ian.houlder@westsuffolk.gov.uk	
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Decisions Plan: **This item is not required to be included in the Decisions Plan.**

Wards impacted: **All Wards.**

Recommendation: **It is recommended that Report number: CAB/WS/23/024, being the report of the Performance and Audit Scrutiny Committee, be noted.**

1. Context to this report

- 1.1 On 30 March 2023, the Performance and Audit Scrutiny Committee considered the following items:
1. Ernst and Young – 2021 to 2022 Annual Results Report to those Charged with Governance
 2. West Suffolk Annual Governance Statement 2021 to 2022
 3. 2021 to 2022 Statement of Accounts

2. Proposals within this report

2.1 **Ernst and Young – 2021 to 2022 Annual Results Report to those Charged with Governance (Report number: PAS/WS/23/004)**

- 2.1.1 Prior to the consideration of the 2021 to 2022 Statement of Accounts, the Committee received the above report from Mark Russell from Ernst and Young (EY) on the results of EY's work to date. A copy of the Audit Results Report was attached as Appendix A. An updated Addendum to Appendix A dated 28 March 2023 was presented to the Committee by Mark Russell (EY Partner). Attached at Appendix B was the Letter of Representation on behalf of the Council in connection with the audit of the financial statements for the year ended 31 March 2022.
- 2.1.2 Mr Russell presented the report referred the Committee to the Addendum A (28 March 2023 – pages 1 to 16) and updated members on further progress made in the audit process.
- 2.1.3 The Committee then asked questions in relation to the report to Mark Russell duly responded. In particular discussions were held on the pension liability valuation and the £2.1m difference, identifying fraud, the valuation of the solar farm; the number of man hours taken to carry out an audit compared to previous years.
- 2.1.4 The Committee was deeply frustrated and disappointed in the delay in the audit process, considering the Chief Finance Officer had signed the unaudited accounts on 28 June 2022 and EY were now auditing those accounts. Members needed assurances about delegating to the Chief Finance Officer and the Chair of the Committee in signing off the accounts once the audit was fully completed.
- 2.1.5 After hearing from EY, the majority of the Committee felt the audit was reassuring. However, the Committee wanted an assurance from EY about their output and timing of the audit and that EY needed to be held formally to account and suggested an additional recommendation highlighting the Committee's frustration to the Public Sector Audits Appointments (PSAA) on the lateness of the EY Audit.

2.1.6 At the conclusion of the debate, the Committee:

- 1) **Noted** the work in respect of the audit opinion on the financial statements of West Suffolk Council for 2021 to 2022 were ongoing.
- 2) **Noted** the external auditors had no matters to report on the council's arrangements to secure economy, efficiency and effectiveness in its use of resources issued by the Auditor (Appendix A and Addendum).

2.1.7 The Committee then **Resolved**: That

- 1) The Letter of Representation on behalf of West Suffolk Council (Appendix B) attached to Report number PAS/WS/23/004, be **approved**, before the Ernst and Young Partner issues his opinion and conclusion.
- 2) The Chief Finance Officer, in consultation with the Chair of the Performance and Audit Scrutiny Committee be given **delegated authority** to conclude the signing of the 2021 to 2022 accounts.
- 3) Council be instructed to highlight to the Public Sector Audits Appointments (PSAA) the frustration and disappointment of the lateness of the Ernst and Young (EY) Audit for 2021 to 2022, and to seek assurance from EY on the timing of future audits.

2.2 **West Suffolk Annual Governance Statement 2021 to 2022 (Report number: PAS/WS/23/005)**

2.2.1 The Committee received Report number: PAS/WS/23/005, which sought Members' approval of the West Suffolk Annual Governance Statement (AGS) 2021 to 2022, attached as Appendix A.

2.2.2 The AGS is designed to provide stakeholders of the Council with the assurance that the Council has operated within the law and that the Council has met the requirements of the Accounts and Audit Regulations 2015.

2.2.3 A key function of the Performance and Audit Scrutiny Committee is to review and approve the draft annual governance statement prior to it being signed by the council's Leader and Chief Executive.

2.2.4 The Committee considered the report and did not raise any governance issues.

2.2.5 The Annual Governance Statement for 2021 to 2022, attached as Appendix A to Report number: PAS/WS/23/005 was **approved** for signing by the Leader of the Council and the Chief Executive.

2.3 **2021 to 2022 Statement of Accounts (Report number: PAS/WS/23/006)**

- 2.3.1 The Committee scrutinised the 2021 to 2022 Statement of Accounts as contained within Report number: PAS/WS/23/006. Approval was sought for the accounts attached at Appendix A, in accordance with the powers delegated to it under the Council's Constitution.
- 2.3.2 The Statement of Accounts (Appendix A) had been amended, as appropriate to take on board issues raised by the audit process up to the date of distribution.
- 2.3.3 The covering report summarised financial highlights in 2021 to 2022; revenue expenditure; capital expenditure; usable reserves; pensions fund; annual governance statement and payments to councillors. The Director (Resources and Property) drew the Committee's attention to the balance sheet and explained that overall, the long-term assets were mainly the same as reported in previous years.
- 2.3.4 The Committee scrutinised the draft accounts and asked questions to which comprehensive responses were provided. In particular discussions were held on Brandon Country Park and why it was not included in the list of venues on page 132 of the Statement of Accounts. The Committee was advised that Brandon Country Park was owned by West Suffolk Council and was therefore not classed as an external/outside body.
- 2.3.5 The Committee then **Resolved**: That
- 1) The 2021 to 2022 Statement of Accounts for West Suffolk Council (Appendix A), attached to Report number: PAS/WS/23/006, in accordance with the powers delegated to it under the Council's Constitution, be **approved**.
 - 2) The Chair of the Performance and Audit Scrutiny Committee signs the certification for the 2021 to 2022 Statement of Accounts on behalf of the Committee.
 - 3) The Chief Finance Officer, in consultation with the Cabinet Member for Resources and Property, be given **delegated authority** to make any changes that may be required up to the date of publication.

3. **Alternative options that have been considered**

- 3.1 Please see background papers.

4. Consultation and engagement undertaken

4.1 Please see background papers.

5. Risks associated with the proposals

5.1 Please see background papers.

6. Implications arising from the proposals

6.1 Financial – Please see background papers.

6.2 Equalities – Please see background papers.

7. Appendices referenced in this report

7.1 Please see background papers.

8. Background documents associated with this report

8.1 Report number: [PAS/WS/23/004](#) and Appendix [A](#), [Addendum to Appendix A](#) and Appendix [B](#) to the Performance and Audit Scrutiny: Ernst and Young – 2021 to 2022 Annual Results Report to those Charged with Governance

8.2 Report number: [PAS/WS/23/005](#) and [Appendix A](#) to the Performance and Audit Scrutiny: West Suffolk Annual Governance Statement 2021 to 2022

8.3 Report number: [PAS/WS/23/006](#) and [Appendix A](#) to the Performance and Audit Scrutiny: 2021 to 2022 Statement of Accounts