



# Northumberland

## County Council

### **AUDIT COMMITTEE**

**DATE: 27 NOVEMBER 2019**

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### NORTHUMBERLAND COUNTY COUNCIL – AUDIT RESULTS REPORT YEAR ENDED 31 MARCH 2019 Report of the Chief Executive

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#### **Purpose of report**

This report presents the Chief Executive's response to the Ernst and Young (EY) report "Northumberland County Council Audit Results Report – Year Ended 31 March 2019", for the consideration of Audit Committee.

#### **Recommendations**

##### **It is recommended that Audit Committee:**

- (a) Notes that the report from Ernst and Young, entitled "Northumberland County Council Audit Results Report – Year Ended 31 March 2019", will be considered by Audit Committee as an earlier item on the agenda for the Committee meeting on 27 November 2019;
- (b) Receives and considers the Chief Executive's response to that 2018/19 Audit Results Report, which is attached as **Appendix A**; and
- (c) Seeks confirmation from the external auditor that several important matters, which the external auditor must complete in connection with finalisation of the 2018/19 external audit (set out in paragraph 5 below), will be expedited by Ernst and Young LLP urgently.

#### **Link to Corporate Plan**

The work of Audit Committee contributes to the achievement of all priorities in the Council's Corporate Plan 2018-21.

## Key issues

### Background

- 1 Each year the external auditor (Local Auditor) audits the County Council's financial statements and presents their findings and opinions to Audit Committee in an 'Audit Results Report'.
- 2 It is usual for the external auditor's Audit Results Report to be concluded in July and presented to the July meeting of Audit Committee. This ensures that the Audit Committee can receive and consider the Audit Results Report when considering approval of the County Council's accounts, which must by law be approved by 31 July each year.
- 3 As discussed at the meetings of Audit Committee on 24 July 2019 and 25 September 2019, the external auditor advised that they wished to undertake additional work associated with 'whistleblowing' matters which had been received by them on 17 March 2019 and which they notified to the County Council on 25 June 2019. This meant that receipt of the 2018/19 Audit Results Report from Ernst and Young has been delayed and the County Council's financial statements, accordingly, could not be approved by the statutory deadline of 31 July 2019.
- 4 The final Audit Results Report for year ended 31 March 2019 was received from Ernst and Young LLP on 6 November 2019. That report will be included as a separate item on the agenda for Audit Committee on 27 November 2019. The Chief Executive's response to the report is attached as **Appendix A**. It is recommended that Audit Committee receives and considers both of these documents (the EY Audit Results Report and Chief Executive's response to that report) at the meeting of Audit Committee on 27 November 2019.
- 5 The Final Audit Results reports received from Ernst and Young LLP on 6 November 2019 implies that several matters have not yet been concluded. As set out earlier, it is recommended that the Audit Committee seeks assurance from Ernst and Young LLP that these matters are now complete and if not, that these will be expedited by Ernst and Young LLP as soon as possible:
  - Confirmation that formal reporting on the Advance Northumberland Limited audit from the 'Ernst and Young LLP Advance component audit team' to the 'Ernst and Young LLP County Council audit team' has been concluded (as the Audit Results Report implies that this has not yet been done);
  - Confirmation that Ernst and Young LLP has completed all of its Whole of Government Accounts (WGA) work and that if the accounts are signed off by Audit Committee on 27 November 2019 as proposed, that the audited WGA return will be submitted by Ernst and Young LLP that same day; and
  - Confirmation that senior partner review of the audit file has now been completed (as the Ernst and Young Audit Results report implies that this task has not yet been completed).

## Implications

<b>Policy</b>	The work of Audit Committee contributes to the achievement of all priorities in the Council's Corporate Plan 2018-21. .
<b>Finance and value for money</b>	It is part of the Audit Committee's role and remit to assess the economy, efficiency and effectiveness with which County Council resources are deployed.
<b>Legal</b>	It is a legal requirement that the County Council is externally audited each year. The County Council, via its Audit Committee, must receive and consider the findings of external audit.
<b>Procurement</b>	None
<b>Human Resources</b>	The advice of the Human Resources and Organisational Development Team has been sought relating to all relevant matters highlighted in this report.
<b>Property</b>	None.
<b>Equalities</b> (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	Not applicable.
<b>Risk Assessment</b>	Any risks and opportunities identified will be managed in accordance with the County Council's existing risk management arrangements.
<b>Crime &amp; Disorder</b>	None.
<b>Customer Consideration</b>	None.
<b>Carbon reduction</b>	None.
<b>Health and Wellbeing</b>	None.
<b>Wards</b>	All

## Background papers

None

**Report sign off**

	Full Name of Officer
Monitoring Officer/Legal	Not applicable
Executive Director of Finance & S151 Officer	Not applicable
Relevant Executive Director	Not applicable
Chief Executive	Daljit Lally
Portfolio Holder(s)	Not applicable

**Author and Contact Details**

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