

## AUDIT AND GOVERNANCE COMMITTEE

### 12<sup>th</sup> July 2021

<b>Report Title</b>	<b>Report of the external auditors for Corby Borough Council. Closure of the external audit of Corby Borough Council's 2018-2019 financial statements</b>	
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#### List of Appendices

#### **Appendix A – EY report. Corby Borough Council 2018-2019 financial statements. Conclusion of the external audit**

##### **1. Purpose of Report**

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- 1.1. To provide members of the Audit and Governance Committee with a summary of the closure of the external audit of Corby Borough Council's 2018-2019 financial statements.

##### **2. Executive Summary**

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- 2.1 Members are asked to note the steps taken by EY, as Corby Borough Council's external auditor, to conclude the audit of the 2018-2019 financial statements. This event took place after the 1<sup>st</sup> April 2021 vesting day and merger of Corby Borough Council with North Northamptonshire Council.
- 2.2 EYs report, at Appendix A, provided the statutory financial officer of North Northamptonshire Council with a summary of their final position on corrected and uncorrected audit adjustments arising from the audit, concluding on matters which had previously been reported to Corby Borough Council's Governance and Audit Committee before the 31<sup>st</sup> March 2021.
- 2.3 Management representations were received from the predecessor statutory financial officer and Chairman of Governance and Audit Committee of Corby Borough Council on 31<sup>st</sup> March 2021.
- 2.4 Following consideration of Corby Borough Council management representations received on 31<sup>st</sup> March 2021, and EYs executive summary issued on 15<sup>th</sup> April 2021, the statutory financial officer of North Northamptonshire Council authorised the audited 2018-2019 financial statements for issue under delegated authority.

- 2.5 EY issued their statutory audit report on the 2018-2019 financial statements of Corby Borough Council on the 30<sup>th</sup> April 2021. EY reported:
- An unmodified opinion on the financial statements.
  - An unmodified conclusion on the Council's value for money arrangements.
  - An emphasis of matter on the going concern and post balance sheet event disclosures associated with Local Government Reorganisation and the merger of the Council with North Northamptonshire Council. This is not a qualification or modification to the auditor's report.
  - Certificate closing the external audit for the 2018-2019 financial year.

### **3. Recommendations**

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- 3.1 It is recommended that the Audit and Governance Committee note the EY update on the closure of their external audit of Corby Borough Council's 2018-2019 financial statements.

### **4. Report Background**

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- 4.1 Please refer to EYs report at Appendix A for further background.

### **5. Issues and Choices**

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- 5.1 There are no issues or choices to consider associated with this report.

### **6. Implications (including financial implications)**

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#### **6.1 Resources and Financial**

- 6.1.1 The delayed conclusion of the Corby Borough Council external audit for the 2018-2019 financial year does have ongoing staffing and budget implications for the North Northamptonshire Council finance team. In particular this is associated with the resources and costs required to prepare for and conclude the external audit of the Council's 2019-2020 as well as the 2020-2021 financial statements. Temporary specialist financial accounting resource has been secured to provide the Council with the resilience to conclude the audit of the legacy financial statements between now and the end of 2021.
- 6.1.2 EY will be submitting to Public Sector Audit Appointments Limited (PSAA) proposed variations to the scale fee for the 2018-2019 external audit to reflect the costs associated with addressing changes to the scope of the audit, risk, complexity and scale of corrected audit adjustments (including five prior period restatements). EY will share their proposed fee variation with the statutory financial officer. PSAA will determine the fee variation and those additional costs will be borne by North Northamptonshire Council.

#### **6.2 Legal**

- 6.2.1 There are no legal implications arising from this report.

### **6.3 Risk**

6.3.1 There are no significant risks arising from the proposed recommendations in this report.

### **6.4 Consultation**

6.4.1 No consultation procedures required in advance of preparing this report.

### **6.5 Consideration by Scrutiny**

6.5.1 No consideration by scrutiny is required in advance of preparing this report.

### **6.6 Climate Impact**

6.6.1 No climate or environmental impacts from this report.

### **6.7 Community Impact**

6.7.1 No community impact from this report.

## **7. Background Papers**

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7.1 Other than Appendix A, there are no other background papers relevant to this report.