



## Audit and Standards Committee Report

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<b>Report of:</b>	Eugene Walker Executive Director of Resources, Local Authority Section 151 Officer
<b>Date:</b>	20 January 2022
<b>Subject:</b>	2020/21 Statement of Accounts - 2020/21 Sheffield City Council Audit Results Report
<b>Author of Report:</b>	David Phillips Head of Strategic Finance
<b>Summary:</b>	The purpose of the report is to communicate any relevant matters arising from the external audit of the 2020/21 Statement of Accounts to Members.
<b>Recommendations:</b>	<p>The Audit and Standards Committee notes the 2020/21 Sheffield City Council Audit Results Report.</p> <p>The Audit and Standards Committee approves the Statement of Accounts for 2020/21 and to request that approval is delegated to the Chair of the Audit and Standards Committee to conclude the audit by signing the Letter of Management Representations and the Statement of Accounts for 2020/21 on conclusion of the audit by Ernst &amp; Young LLP (EY).</p>
<b>Background Papers:</b>	None
<b>Category of Report:</b>	OPEN

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## Statutory and Council Policy Checklist

<b>Financial Implications</b>
NO
<b>Legal Implications</b>
NO
<b>Equality of Opportunity Implications</b>
NO
<b>Tackling Health Inequalities Implications</b>
NO
<b>Human rights Implications</b>
NO
<b>Environmental and Sustainability implications</b>
NO
<b>Economic impact</b>
NO
<b>Community safety implications</b>
NO
<b>Human resources implications</b>
NO
<b>Property implications</b>
NO
<b>Area(s) affected</b>
None
<b>Relevant Cabinet Portfolio Leader</b>
Cate McDonald
<b>Relevant Scrutiny Committee if decision called in</b>
Not applicable
<b>Is the item a matter which is reserved for approval by the City Council?</b>
NO
<b>Press release</b>
NO

## AUDIT AND STANDARDS COMMITTEE – 20 JANUARY 2022

### 2020/21 STATEMENT OF ACCOUNTS

### EXTERNAL AUDITOR'S 2020/21 AUDIT RESULTS REPORT

#### Purpose of this Report

1. The purpose of the following report is to communicate any relevant matters arising from the external audit of the 2020/21 Statement of Accounts to Members and in acknowledging these findings request that approval is given to allow the auditors to conclude the audit by signing the Letter of Management Representations and the Statement of Accounts following the conclusion of the audit.

#### Introduction and Background

2. The Council's 2020/21 Unaudited Statement of Accounts were authorised by the Executive Director of Resources (Section 151 Officer) on the 2 July 2021.
3. The accounts have been subject to external audit by Ernst & Young LLP (EY). Audit deadlines were extended and have been delayed due to Covid-19 and remote working. During the external audit process the Audit and Standards Committee have been kept up to date, and the external auditor's progress has been received and shared with the Committee throughout the audit. The audit is almost complete, and the Audit and Standards Committee are asked to note the findings from the separate EY Audit Results Report.
4. The revised, Audited Statement of Accounts is attached at **Annex A** to this report. We request the Statement of Accounts is approved by the Audit and Standards Committee at this meeting, and delegated authority is given to the Chair of the Audit and Standards Committee to sign once EY have given notification that all outstanding queries have been resolved and their final reviews are complete. This is on the basis that no emerging material or major issues arise.
5. External auditors are required to undertake their work in accordance with International Auditing Standards. Specifically, they are required to communicate any relevant matters relating to the audit to those charged with governance.

#### Findings from the External Audit of the 2020/21 Statement of Accounts

6. The findings from the external audit are set out in detail in EY's 2020/21 Audit Results Report, which is a separate report, and Members are asked to note the contents.

7. As a result of on-going work on the draft accounts produced in July 2021, some misstatements and presentational errors have been identified by officers and others have been identified as a result of the external audit.
8. The 2020/21 Audit Results Report identifies the adjustments made to the Statement of Accounts and are detailed in section 5 “Audit Differences” of EY’s report.
9. The Section 151 officer is responsible for the preparation of the Council’s Statement of Accounts in accordance with proper practices, and he will certify that they give a true and fair view (i.e. that the financial statements present a true and fair view of the financial position of Sheffield City Council as at 31 March 2021 and its income and expenditure for the year). We understand that the auditors intend to issue an unqualified audit opinion on the accounts.
10. To complete their audit and satisfy their auditing standards, the auditors are requesting written management representation from those charged with governance. Appropriate enquiries have been made with responsible officers within the Authority to confirm the representations included. Therefore, a letter of management representations in the format prescribed by the external auditors to be signed by the Chair of the Audit and Standards Committee by delegated authority on conclusion of the audit.
11. The auditors are also required to ask those charged with governance to confirm that there are no material uncertainties that cast significant doubt about the ability of the Council to continue as a going concern. Appropriate enquiries have been made within the Council and for other parties in which the Council has an interest and no material uncertainties have been identified.

### **Publication of the 2020/21 Statement of Accounts**

12. As part of their work to complete the audit, the auditors issue an opinion on the Statement of Accounts and a Certificate of Completion of the Audit. It is intended that an unqualified opinion will be given on the Statement of Accounts and a certificate issued to close the audit. However, EY will need to complete their review of the Council’s Whole of Government Accounts return before they can issue their certificate, and this review has not yet begun. In addition, from 2020/21 external auditors are required to provide a Value for Money (VFM) commentary, normally within three months of completing their audit, before the certificate can be issued.
13. The 2020/21 Statement of Accounts will then be published on the Council’s website. Once the Certificate of Completion is received a statement will be

published to inform that the audit has been concluded and the accounts have been published.

### **Financial Implications**

14. There are no financial implications arising from the recommendations set out in this report.

### **Equal Opportunities Implications**

15. There are no equal opportunities implications arising from the recommendations set out in this report.

### **Property Implications**

16. There are no property implications arising from the recommendations set out in this report.

### **Recommendations**

17. It is recommended:

- That the Audit and Standards Committee notes the 2020/21 Audit Results Report.
- That following the above acceptance the Chair of the Audit and Standards Committee is given delegated authority to provide her signature to the Letter of Management Representations to conclude the audit, once EY have given notification that all outstanding queries have been resolved and their final reviews are complete. This is on the basis that no emerging material or major issues arise.
- That the Audit and Standards Committee approves the Statement of Accounts for 2020/21 and the Chair of the Audit and Standards Committee is given delegated authority to provide her signature to the Statement of Accounts, once EY have given notification that all outstanding queries have been resolved and their final reviews are complete. This is on the basis that no emerging material or major issues arise.

**David Phillips**  
**Head of Strategic Finance**

**20 January 2022**

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