

Pre-meeting questions and answers on reports being considered on the Audit & Standards Committee Agenda 18 January 2023

4. Audited Statement of Accounts and Audit Findings Report

(Report author(s): Andrew Rollins – Head of Finance)

Question(s) from Councillor Russell:

How much did the delays caused by not having on-site meetings with the auditors contribute to the escalation in costs?

Response:

The final fee for the audit has yet to be agreed. This will take place upon completion of the audit, and need to be agreed by both sides.

It should be noted that an additional cost for remote working is included in the proposed fee, as audits typically are taking longer in general following this transition, initially driven as a response to continued working during COVID restrictions.

As the covering report states, it is my belief that some of the issues faced may have been mitigated, or at least reduced, by having more face-to-face audit work scheduled, and this will be an area to be covered as part of the review of the audit, due to be carried out post completion.

Question(s) from Councillor R Dickson:

Amongst the reasons for the delay in completion of the 2021/22 audit are:

1. Audit sample size on the new FMS did not match that used in UAT of the system - why was this?

Response:

This issue has arisen due to the way we have the Finance System (both the current and previous system) whereby transactions first go into a holding 'control' account in the system, before being transferred in the system to their relevant location. This in effect creates multiple entries per transaction, but is deemed a reasonable and not unusual

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way for a system to be set up. In order to get the sample size to a level that was deemed suitable for audit, significant manual intervention to net off these transactions.

As stated in the covering report, the method used has been accepted by auditors over many years, and therefore the catalyst for the issues faced was the change in approach to this task by the auditors

2. Staffing issues - please confirm that no Finance staff, who would otherwise have been involved in the audit, were involved in the activities associated with hosting the 2022 Commonwealth Games or in dealing with the launch of the new 123+ waste collection system.

Response:

Finance staff (other than myself for one day as a Silver Command during the CWG) have not been directly involved in either of these activities. However, finance have been involved from a support service perspective in the costing and monitoring of these activities as part of day to day activity. Due to the size of the Finance team, we do not have dedicated audit staff, and so the team do have to balance supporting services alongside completion of the Statement and subsequent audit. This is facilitated through the preparation of a comprehensive audit timetable and plan

3. Can you please provide more details about the £735K historic cash balances which the GT report suggests will be written off (Note 21 p 13)?

Response:

The previous finance system relied on a wholly manual bank reconciliation and the use of many 'holding accounts' in the general ledger, from numerous feeder systems, which were time consuming and complicated to reconcile, and to audit.

One of the drivers in moving to a modern finance system with a fully integrated bank reconciliation module was to provide an automated and simplified bank reconciliation.

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The bank reconciliation at the 1 November 2021 on commencement of the new finance system contained a number of balances on these holding accounts, some of which were cleared by 31 March 2022 but a number of others remained, seeking further investigation on what action was required.

This had not been completed at the time the 2021/22 financial statements had to be finalised, due to other work pressures, so the balances were carried forward and included within the 'Bank current accounts' total of £1,073,000.

During the Grant Thornton audit it became clear that these balances could not be evidenced as still receivable as bank account balances, so that only the identifiable HSBC balances from bank statements, plus identified 'Cash In Transit', should be recorded as 'Bank current accounts', reducing this amount by £785,000 to £288,000.

The amount of £785,000 that the Head of Finance agreed should be written off has accumulated over the 16-year life of the previous finance system and manual bank reconciliation and is believed to represent income that has already been recognised in the Council's accounts over that time.

Also is there a proposed plan and target date, both from WDC and GT, for completion of the audit and an accompanying confidence level

Response:

We are aspiring to complete the audit by the next A&S, on 21st February. However, given that many of the team are also having to prioritise the delivery of a balanced budget and MTFS currently as a key statutory requirement, we may consider other options if this becomes unrealistic, to ensure that when the Audit findings report is presented it is done based on complete accounts

5. Warwick District Council and Parish Election Scale of Fees

(Report author(s): Graham Leach – Democratic Services Manager & Deputy Monitoring Officer)

Question(s) from Councillor R Dickson:

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Please remind me of the timetable for collection of these fees. In 2023/24 for many town and parish councils these fees will represent the single largest external payment for which cashflow budgeting may be needed.

Response:

The fees in the report are the ones that are payable to employees not the ones collected from other Council's.

However, at this time the project plan intends for us to complete accounts within 6 Months of the election and issue the invoices. We will be supported by accountants from Finance which has been built into their team plans for the year as well.

This is the same ambition as 2019 that was well on track until a General Election was called in October to be held in December.

That said we also need to appreciate this work will be led by Leanne who is new post (and to WDC), we will have a canvass to deliver as well as planning for PCC (where WDC is PARO) and the anticipated GE in May 24.

I hope this helps to provide some reassurance but also reflects the challenges we will face.