
Report to: Governance and Audit Committee

Date: 06 April 2022

Subject: External audit progress report

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1. Purpose of this report

- 1.1 To provide an update on external audit matters that have occurred since the last meeting.

2. Information

Annual Accounts 2020/21 – Final Audit Update

- 2.1 The audit completion report was presented to the last Committee meeting on 13 January 2022. The final audit certificate was pending due to awaiting clarification from Government on the requirement to complete Whole of Government Accounts. This further instruction is still awaited.

Other External Updates – Public Sector Auditor Appointments Ltd (PSAA)

- 2.2 The decision to opt-in to the PSAA arrangements for the future appointment of external auditors was recommended by this Committee and subsequently approved by the Combined Authority in February 2022. This arrangement will take effect from 1st April 2023. A formal notification of the Combined Authority opting-in has now been made by the S73 Officer and in agreement with the Chief Constable the Mayor has also approved the opt-in for the Chief Constable audit.

Emergency consultation update of the 2021/22 and 2022/23 Code from CIPFA

- 2.3 Only 9% of local authority accounts in England met the audit publication deadline of 30 September 2021. In December 2021, the Department of Levelling-up Housing and Communities asked CIPFA to consider ways in which the Code may ameliorate this crisis position. CIPFA LASAAC considered this request and has issued this exceptional consultation, which

explores two possible changes that may be made as an update to the 2021/22 Code and to the agreed position in the 2022/23 Code. The two main proposals are:

- An adaptation to the code to allow local authorities to pause professional valuations for operational property, plant and equipment for a period of up to two years (though the initial proposal is for the 2021/22 financial year); this approach also explores the use of an index to be used to increase or reduce that valuation
- Deferring the implementation of IFRS 16 Leases for a further year and reversing the planned changes to the 2022/23 code to implement that standard.

- 2.4 The deadline to respond to CIPFA was 3rd March. The Combined Authority Financial Accountant responded to the consultation on 25th February - with a welcome view on the whole but noted that it was probably too late to pause asset valuation for 2021/22 year end as engagements with professional valuers have already been taken place by both the Combined Authority and West Yorkshire Police finance teams.

External Audit 2021/22 Timetable & Approach

- 2.5 The transfer of the Police and Crime functions to the Combined Authority from 10 May 2021 introduces new complexities to the preparation of the annual accounts, introducing both group accounts and consolidation, as well as a partial year for West Yorkshire Police. The Combined Authority audit for 2020/21 was one of the few that achieved the 30 September deadline but in recognition of the additional complexities for the 2022/22 accounts it has been agreed that audit finalisation will take place in November 2022 and not September 2022, adopting the additional time extension that has been made available by auditors. The finance teams from the Combined Authority and West Yorkshire Police are working well together at preparing template accounts and preparing for the production of the accounts but this is also complicated by Grant Thornton not yet having finalised the accounts for the Police up to 13 May 2021.
- 2.6 Resulting from this, a Governance and Audit Committee meeting will be scheduled into the calendar of meetings for November for the consideration and approval of the 2021/22 accounts.
- 2.7 An audit progress report from Mazars is attached at Appendix 1 for information and they intend to provide a more detailed audit plan to the June meeting. They will be in attendance at this meeting to update on progress including the interim audit and any other matters. Mazars will be undertaking the audit of both the Chief Constable accounts and those of the Combined Authority for 2021/22.

3. Tackling the Climate Emergency Implications

3.1 There are no climate emergency implications directly arising from this report.

4. Inclusive Growth Implications

4.1 There are no inclusive growth implications directly arising from this report

5. Financial Implications

5.1 There are no financial directly arising from this report.

6. Legal Implications

6.1 There are no legal implications directly arising from this report.

7. Staffing Implications

7.1 There are no staffing implications directly arising from this report.

8. External Consultees

8.1 No external consultations have been undertaken.

9. Recommendations

9.1 To note the external audit activities.

9.2 To consider the External Audit Progress report from Mazars.

10. Background Documents

None.

11. Appendices

Appendix 1 External Audit Progress report