

7. EXTERNAL AUDIT 2019/20 ANNUAL REPORT (A137/21/DH)

1. Purpose of the report

This report asks Members to consider the External Auditors' (Mazars) 2019/20 annual report. John Pressley and Mark Surridge, of Mazars will be at the meeting to present the report. The related reports on the statement of accounts and annual governance statement follow.

Key Issues

Key issues include:

- **The External Auditor expects to give an unqualified audit opinion on the 2019/20 financial statements.**
- **The External Auditor will also report that the Annual Governance Statement for 2019/20 complies with the guidance issued by CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives) and anticipates issuing an unqualified Value For Money (VFM) conclusion.**
- **The External Auditor requires a signed copy of the management representation letter (Appendix A within Appendix 1) prior to issuing his audit opinion.**

2. Recommendations(s)

- 1. To Consider and note the External Auditor's report at Appendix 1.**
- 2. To note that the letter of management representation at Appendix A within Appendix 1 needs to be signed by the Chief Finance Officer.**

How does this contribute to our policies and legal obligations?

3. The work of the External Auditors is a key part of our governance arrangements and helps us to monitor and improve performance to ensure the Authority has a solid foundation supporting achievement of our outcomes, as set out in the Corporate Strategy, by making sure the Authority is an agile and efficient organisation. Achieving an unqualified opinion on the financial statements and satisfying the Auditor that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources are corporate performance indicators.

Background Information

4. The duties and powers of auditors are set out in the Local Audit and Accountability Act 2014, the Local Government Act 1999, the Statement of Responsibilities of Auditors and Audited Bodies and the Code of Audit Practice. Considering the Auditor's report is part of the agreed Authority work programme.

Proposals

5. The full report for consideration is given at Appendix 1.
6. The External Auditor plans to issue an audit report that includes an unqualified opinion on the financial statements subject to Authority considering this report, approving the

financial statements and receiving the letter of management representations at Appendix A within the audit report at Appendix 1.

7. The Chief Finance Officer has responded to a number of issues raised by the External Auditors as given in his report that follows.

Are there any corporate implications members should be concerned about?

Financial:

8. The fees for external audit are funded from the existing Finance Services budget. The audit fee for this year's audit is £10,209 plus VAT.

Risk Management:

9. The scrutiny and advice provided by external audit is part of our governance framework. The Auditor's work is based on an assessment of audit risk. Appendix 1 describes the Auditor's conclusions against the risks identified in the 2019/20 audit plan.

Sustainability:

10. There are no issues to highlight.

Equality:

11. There are no issues to highlight.

Climate Change:

12. There are no issues to highlight.

13. Background papers (not previously published)

None

14. Appendices

Appendix 1 - External Audit (Mazars) 2019/20 Annual Report.

Report Author, Job Title and Publication Date

David Hickman, Director of Corporate Strategy and Development, 26 August 2020