

7. EXTERNAL AUDIT - 2020/21 AUDIT STRATEGY (JW)

1. Purpose of the report

This report asks Members to consider the 2020/21 External Audit Strategy Memorandum from our External Auditors, Mazars. Tom Greensill, Audit Manager at Mazars will be at Authority to present the Memorandum and to answer any questions.

Key Issues

- **The External Auditor presents the Strategy for auditing the financial statements and value for money arrangements at this time every year.**
- **Achieving an unqualified value for money opinion from the External Auditor is a corporate performance indicator – KPI 29.**

2. Recommendations

- 1. That the 2020/21 External Audit Strategy Memorandum be considered and acknowledged.**

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 against our ambition in the Corporate Strategy to be an agile and efficient organisation. Achieving unqualified opinions from the External Auditor is a corporate performance indicator (KPI 29 – To have best practice governance, risk and performance management arrangements in place).**

Background Information

- 4. The statutory responsibilities and powers of auditors appointed by Public Sector Audit Appointments Ltd (PSAA) are set out in the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice. Following changes made as a result of the governance review, consideration of the External Auditor's Strategy is currently a matter reserved to the Authority.**

Proposals

- 5. The External Audit Strategy Memorandum for 2020/21 is given at Appendix 1. The Strategy outlines the scope of the work proposed and the External Auditor's assessment of audit risks and key judgement areas for the audit of financial statements and the value for money conclusion for 2020/21.**

Are there any corporate implications members should be concerned about?

Financial:

- 6. The planned fees for the External Audit of £10,209 are funded from the existing Finance budget. For 2019/20, as per the Audit Letter presented to Members in February 2021, the Auditors charged additional fees of £3,518 for additional testing on Property, Plant and Equipment and the Pension Scheme and £2,454 for additional costs relating to material uncertainty (covid-19 impact), audit risk assessments, going concern, and continuing impacts of the McCloud and Goodwin pension changes.**

7. The Auditors have notified the Authority that fees are likely to increase in 2020/21 due to enhanced expectations to audit requirements notably around increased work on Property, Plant and Equipment (PPE) and Pensions (£3,518 as in 2019/20) and an estimate of £2,454 for other work, likely to relate to the enhanced Value for Money requirements. This is accounted for in the 2021/22 budget. Any proposed increases to the fee to address, for example, changes to the identified risks or other additional required work will be discussed with the Head of Finance before approval is sought from PSAA.

Risk Management:

8. The scrutiny and advice provided by External Audit is part of our governance framework. The External Auditor's work is based on an assessment of audit risk as explained in Appendix 1.

Sustainability:

9. There are no issues to highlight.

Equality:

10. There are no issues to highlight.

Climate Change

11. There are no issues to highlight.

12. **Background papers (not previously published)**

None

13. **Appendices**

Appendix 1 - 2020/21 External Audit Strategy Memorandum

Report Author, Job Title and Publication Date

Justine Wells, Head of Finance, 13 May 2021