

8. EXTERNAL AUDIT - 2021/22 AUDIT STRATEGY (JW)

1. Purpose of the report

This report asks Members to consider the 2021/22 External Audit Strategy Memorandum from our External Auditors, Mazars. Mark Surrige, Director and Engagement Lead at Mazars will be at the Authority meeting 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 2019/20 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 2019/20.

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 2020/21, as per the Audit Completion Report presented to Members in February 2022, the Auditors charged additional fees of £3,518 for additional testing on Property, Plant and Equipment and the Pension Scheme, £1,188 for additional tests relating to material uncertainty (covid-19 impact), £1,188 for additional testing for new auditing standards and £3,518 for new VFM and Code of Practice audit work.

7. The Auditors have notified the Authority that fees are likely to total £18,909 for 2021/22 due to the same enhanced expectations to audit requirements as per 2020/21, notably increased work on Property, Plant and Equipment (PPE) and Pensions £4,000 (£3,518 as in 2020/21) and an estimate of £4,700 for the enhanced Value for Money requirements and some additional testing requirements. This has been 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. For 2021/22 the Authority has received funding of £5k from Central Government to help Local Authorities meet the increasing costs of External Audit.

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 - 2021/22 External Audit Strategy Memorandum

Report Author, Job Title and Publication Date

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