

8. EXTERNAL AUDIT - 2022/23 AUDIT STRATEGY (JW)

1. Purpose of the report

This report asks Members to consider the 2022/23 External Audit Strategy Memorandum from our External Auditors, Mazars. Mark SurrIDGE, 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 annually in advance of the audit of the financial statements, in this case it is for the 2022/23 financial statements.**
- **Achieving an unqualified value for money opinion from the External Auditor is included in the Authority Plan Objective D (Financial Resilience).**

2. Recommendation:

- 1. That the 2022/23 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 Authority Plan to be a financially resilient organisation and provide value for money. Achieving an unqualified opinion from the External Auditor is part of the target for Objective D (Financial Resilience).**

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 2022/23 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 2022/23.**

Are there any corporate implications members should be concerned about?

Financial:

- 6. The scale fees for the External Audit are funded from the financial services budget. The fee for the 2022/23 has been set by the PSAA at £13,727 based on the scale fee for 2021/22 (£10,209) with adjustments for recurrent fee variations for the 2019/20 and 2020/21 audits for additional testing for Property, Plant and Equipment and Pensions. The scale fees have also included a 5.2% inflationary increase which has been funded by the PSAA directly to Mazars from surpluses which would otherwise be distributed to**

opted-in bodies. It is expected that there will be additional fees for the enhanced Value for Money requirements but the amount is unknown at this time (£4,400 in 2021/22) and new auditing standards (£1,500 in 2021/22). For the 2022/23 audit the Authority has received funding of £6,017 from Central Government to assist Local Authorities with the increasing costs of External Audit.

Risk Management:

7. 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 The External Auditors report at Appendix 1.

Sustainability:

8. There are no implications to identify in this report.

Equality, Diversity and Inclusion:

9. There are no implications to identify in this report.

10. Climate Change

There are no implications to identify in this report.

11. Background papers (not previously published)

None

12. Appendices

Appendix 1 - 2022/23 External Audit Strategy Memorandum

Report Author, Job Title and Publication Date

Justine Wells, Head of Finance, 11th May 2023