

Finance & Audit Scrutiny Committee  
10 February 2021

**Title: Annual Audit Letter 2019/20**

**Lead Officer: Mike Snow**

**Portfolio Holder: Richard Hales**

**Public report**

**Wards of the District directly affected: N/A**

Contrary to the policy framework: No

Contrary to the budgetary framework: No

Key Decision: No

Included within the Forward Plan: N/A

Equality Impact Assessment Undertaken: N/A

Consultation & Community Engagement: N/a

Final Decision: Yes

Accessibility checked: Yes

**Officer/Councillor Approval**

<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive	1/2/2021	Chris Elliott
Head of Service	1/2/2021	Mike Snow
CMT	1/2/2021	
Section 151 Officer	1/2/2021	Mike Snow
Monitoring Officer	1/2/2021	Andrew Jones
Finance	1/2/2021	Andrew Rollins
Portfolio Holder(s)	1/2/2021	Richard Hales

### **1. Summary**

- 1.1. This report brings to members' attention the External Auditor's 2019/20 Annual Audit Letter.

### **2. Recommendation**

- 2.1. It is recommended that Finance and Audit Scrutiny Committee note the conclusion of the 2018/19 Audit.

### **3. Reasons for the Recommendation**

- 3.1 The Annual Audit Letter summarises the key findings arising from the work that the external auditors have carried out on the 2019/20 Statement of Accounts and Value For Money Conclusion.
- 3.2 The Annual Audit Letter brings together information that has previously been reported to the Committee, notably within the Audit Findings Letter in September 2020.
- 3.3 Progress on the closure of accounts and audit for 2019/20 has been subject to subject to regular reports to members over the last year.
- 3.4 The auditors still have to complete the Benefits Subsidy Audit. This is virtually complete and is scheduled to be signed off by the end of February. The Pooling of Housing Capital Receipts is also virtually complete. Details of progress on these audits will be given verbally to the meeting.

### **4. Policy Framework**

#### **4.1. Fit for the Future (FFF)**

- 4.1.1. The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects.
- 4.1.2 The FFF Strategy has 3 strands, People, Services and Money, and each has an external and internal element to it, the details of which can be found [on the Council's website](#). The external audit of the Council's accounts and associated work seeks to give assurance to all Council stakeholders in the proper use of the Council's resources.

#### **4.2. Supporting Strategies**

- 4.3.1. The requirement for local authorities to have an external audit is set out in local government legislation and the Accounts and Audit Regulations.

#### **4.3. Changes to Existing Policies**

No changes to existing strategies are proposed.

**4.4. Impact Assessments**

N/A

**5. Budgetary Framework**

The planned cost of the audit of the 2019/20 Accounts was £41,290.

5.2 The auditors are proposing an additional fee of £16,000 as detailed in their report and appendix in respect of:-

5.2.1 £7,500 in respect of issues raised as part of the 2018/19 audit:-

- Raising the bar (increased challenge and depth of work)
- PPE Valuation work of experts
- Pensions valuation of net pension liabilities under International Auditing Standard (IAS) 19
- New standards and development

5.2.2 £8,500 in respect of Covid 19.

5.3 The total proposed audit fee is £57,290, an increase of 39%. The increase in fees will need to be agreed by Public Sector Audit Appointments (PSAA).

5.4 The increased audit fee will exceed the budget allowed within the 2019/20 Accounts. Any extra will need to be charged to the 2020/21 Accounts, along with any likely increase for that year. This is likely to exceed the budget available, so requiring use of Contingency Budget if an overspend is not to be reported. Any likely increase for future years will similarly need to be included in future budgets from 2021/22.

**6. Risks**

The requirement for external auditors is part of the assurance framework under which all local authorities operate. The audit of the accounts and associated grant claims seeks to provide assurance to all stakeholders that the Council's finances, as reported in the Accounts, are being properly managed.

**7. Alternative Option(s) considered**

7.1. None.