

 Finance and Audit Scrutiny Committee 27 May 2020		Agenda Item No. 10
Title	2019/20 Audit of Accounts	
For further information about this report please contact	Mike Snow 01926 456800	
Wards of the District directly affected	N/A	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No.	
Date and meeting when issue was last considered and relevant minute number	N/A	
Background Papers	External audit papers included as appendices	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality Impact Assessment Undertaken	N/A

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	5/3/2020	Andrew Jones
Head of Service	5/3/2020	Mike Snow
CMT	5/3/2020	
Section 151 Officer	5/3/2020	Mike Snow
Monitoring Officer	5/3/2020	Andrew Jones
Portfolio Holder(s)	5/3/2020	Richard Hales
Consultation & Community Engagement		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

1. **Summary**

- 1.1 The External Auditors, Grant Thornton, have prepared their Audit Plan for 2019/20 for members' consideration. This is supported by the "Informing the Risk Assessment" document.
- 1.2 As in recent years, the auditors have commenced work on the audit. Progress on the audit work to date, is also included.

2. **Recommendations**

It is recommended that Finance and Audit Scrutiny Committee:-

- 2.1 Agree the 2019/20 External Audit Plan (Appendix A) and the supporting document, Informing the Risk Assessment (Appendix B).
- 2.2 Note the progress on the 2019/20 audit to date.
- 2.3 Note the documents supplied by Public Sector Audit Appointments (Appendices C and D) which consider the local authority external audit market and potential fee implications, together with Grant Patterson's presentation thereon (Appendix E).

3. **Reasons for the Recommendation**

- 3.1 The auditors have submitted the External Audit Plan for 2019/20 (Appendix A). This is included as Appendix A. Members are requested to agree the Plan and may wish to seek assurance from officers and auditors that all is being done to ensure the statutory requirement will be met.
- 3.2 Appendix B, Informing the Risk Assessment (Appendix B), has been produced by the external auditors, bringing together details of responses from officers. The document is to assist in the communication between members and the external auditors. Members should consider and agree the document and make any observations to the auditors. Officers responses to the document have been included.
- 3.3 The auditors have been on site for one visit to commence work on the audit, with the next visit for two weeks from 23 March. The intention is to undertake as much work as possible ahead of closedown and the compilation of the Statement of Accounts, so as to reduce their audit time in June/July.
- 3.4 The documents and supporting information requested by the auditors was supplied to the auditors during their interim visit. A few further requests have subsequently been raised, the majority of which have been responded to.
- 3.5 As for the 2018/19 Audit, active use is being made of Inflo. This is an on-line portal to securely share documents between the relative teams. Inflo worked well for 2018/19, with all parties keen to continue with this for 2019/20.
- 3.6 All external audit firms have stressed in recent months how tight their resources are for the audit to be completed by 31 July 2020. For 2018/19, a significant number of audits (none carried out by Grant Paterson) were not completed by the required date. If the 2019/20 audit is to be completed by the end of July, it is imperative that their requests for information are responded to

promptly by Council officers. This will impact on the Accountants and officers from other Services.

- 3.7 In view of the pressure upon auditors, Public Sector Audit Appointments (PSAA) have recently have recently emailed (Appendix C) all S151 officers setting out the pressure external auditors are under and how this may impact upon future fees. PSAA have also commissioned a review on the Future Procurement and Market Supply Options Review (Appendix D) for external audit. The document considers the sustainability of audit supply alongside improvements in audit quality and the associated fee implications. The research concludes that 'almost all of the approved firms have reservations about remaining in the market'. These issues are considered further within the presentation prepared by Grant Thornton (Appendix E) which the auditors will discuss in more detail at the meeting.

4. **Policy Framework**
 4.1 **Fit for the Future (FFF)**

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council’s FFF Strategy.

FFF Strands		
People	Services	Money
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Becoming a net-zero carbon organisation by 2025 Total carbon emissions within Warwick District are as close to zero as possible by 2030 Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels
Impacts of Proposal		
No direct impact.	No direct impact.	No direct impact.
Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools	<u>Intended outcomes:</u> Focusing on our customers’ needs Continuously improve our processes	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost

All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	Increase the digital provision of services	management Maximise income earning opportunities Seek best value for money
Impacts of Proposal		
No direct impact.	No direct impact.	The work provided by the Council's external auditors should provide members with assurance that the Council's finances are being properly managed and reported upon in accordance with statutory requirements.

4.2 Supporting Strategies

This report indirectly impacts upon all of the Council's strategies on the basis that they all require funding and for that funding to be properly managed. It is part of the role of the external auditors to confirm that the Council's finances are being properly managed.

4.3 Changes to Existing Policies

No changes to existing policies are proposed.

4.3 Impact Assessments

Not applicable.

5. Budgetary Framework

- 5.1 The agreed planned fee charged for the 2019/20 Audit of the Accounts is £41,290, as agreed by Public Sector Audit Appointments (PSAA), who tendered for the audit work for the vast majority of local authority audits. This is the same fee as originally agreed for 2018/19, to which an additional £4,500 was agreed. The auditors have included in their report how they propose to charge an additional £7,500. More details are being ascertained from the auditors in terms of what extra work this will mean for the Auditors and the Accountants. This additional fee, if agreed by PSAA, will be able to be accommodated with the overall budget available.

6. Risks

- 6.1 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.