



Report to: Audit and Governance Committee, 18th September 2019

Report of: Head of Finance

Subject: EXTERNAL AUDIT - LOCAL GOVERNMENT BRIEFING

1. Recommendation

1.1 That Audit Committee note the contents of the briefing note received from the council's external auditors.

2. Information

2.1 The briefing note, see **Appendix 1**, summarises the key changes and issues in the external environment that our auditors (Ernst Young) consider relevant for members of this committee.

2.2 These are:

- i. Government and economic news – an overview of the state of the economy and the government's approach to local authority funding.
- ii. Accounting, auditing and governance –
 - (a) the new CIPFA code on Financial Management is due to be issued in October. Once it is available, a report will be brought to a future meeting of this committee.
 - (b) A report on the Audit Market – the Competition and Markets Authority has published its report on the market for the external audit firms.
- iii. Other news – a short article summarising the large volume of data handled by local authorities and recommending potential opportunities for greater efficiency.

2.3 The briefing concludes with a list of questions that an Audit Committee should be considering. These are set out below with commentary on the current position at Worcester City Council:

- i. Economic forecast – has your authority completed a Brexit impact assessment? There is an ongoing assessment by the council's officers of the latest developments. In addition the Council's Managing Director has been appointed as the Council's Brexit Lead Officer and is a member of the County-wide Brexit Lead Officer Group.
- ii. Medium Term Financial Strategy and sustainability– is your authority considering the latest economic outlook and the pending Government Spending Review? This will be fully addressed in the forthcoming Budget setting process, which will follow the format adopted last year.

- iii. New CIPFA Financial Management code – how prepared is the authority to comply with the new code? The consultation document has been reviewed and if adopted in its present form will not present any significant changes to the council's current Financial Regulations.

Ward(s): All
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Background Papers: None