



Report to: Audit and Governance Committee, 8th December 2021

Report of: Head of Finance

Subject: EXTERNAL AUDIT PLAN – 2020/21

1. Recommendation

1.1 That the Audit and Governance Committee endorses the external auditor's Audit Plan for 2020/21.

2. Background

2.1 Ernst Young, our independent external auditors have submitted the attached Audit Plan report (**Appendix 1**) which outlines their proposed approach to planning and delivering their audit and the fees for the 2020/21 financial year.

2.2 One of the key objectives of the Audit Plan is for Ernst Young to obtain reasonable assurance that the financial statements as a whole are free from material misstatement and prepared in all material respects within the CIPFA Code of Practice framework.

3. Information

3.1 The Audit Plan has no significant changes from last year and does not identify any specific risks relating to the City Council. The report details the following:

3.3.1 The financial statements audit approach and the impact of any changes in national audit requirements

3.3.2 The audit approach to delivering the Value for Money conclusion

3.3.3 The key dates for the 2020/21 audit cycle. The statutory deadline for issuing the annual Statement of Accounts was 30th September. The City Council achieved this last year but following the delaying of the external audit was unable to do so for this year.

3.2 Following the successful audit last year, this year's audit will also be performed remotely using tele-conferencing where appropriate. This is not expected to create any significant problems and may well become a format for future years.

3.3 The audit fee for 2020/21 was set by The Public Sector Audit Appointments Board (PSAA) as £39,362 and is in line with the approved budget. In addition to this, Ernst Young are proposing a further scale fee of £27,400, which is the same as the supplementary scale fee they have submitted for approval to the PSAA for 2019/20.

- 3.4 Other fees for 2020/21 are yet to be determined however Ernst Young have identified at this stage that there will also be additional costs involved in the 2020/21 audit relating to the following:
- Changes to the Value for Money requirements as per the NAO 2020 guidance as mentioned in section 3 of the Audit Plan;
 - Increased work required as a result in the changes to the estimates standard as mentioned on page 16 of the Audit Plan;
 - Additional work linked to the increased requirements in the Going Concern standards (see page 14 of the Audit Plan) and;
 - Risks associated with Covid19 particularly Covid related grants as discussed on page 13 of the Audit Plan.

Additional fees may also be payable if further unplanned audit work is required.

- 3.5 The audit for certification of the Housing Benefit subsidy was previously performed by Ernst Young. However, following their confirmation that they no longer wished to do so, the audit has now been awarded to PWC (Price Waterhouse Coopers).
- 3.6 It is the Council's policy to comply with all codes of practice and financial reporting standards relating to the production and publication of the Statement of Accounts. The Council's Finance Team will work with the external auditors to ensure that the audit delivery is successful by adhering to the proposed timescales, meeting the audit working paper requirements and by being available during the audit process to deal with query resolution.
- 3.7 The Council's Constitution defines the purpose of the Audit and Governance Committee and its remit. A key part of the Committee's purpose is to provide independent assurance to our members of the adequacy of the risk management framework and the internal control environment. To do this, part of the Committee's role is to oversee the work of internal audit and our independent external auditors, to ensure that efficient and effective assurance arrangements are in place. This includes agreeing the external auditor's Audit Plan on an annual basis.

Ward(s): All
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Background Papers: None