



Report to: Audit and Governance Committee, 21st September 2022

Report of: Head of Finance

Subject: External Audit Progress – 2020/21 and 2021/22

1. Recommendation

1.1 That the Audit and Governance Committee notes the external auditor's progress with the audits for 2020/21 and 2021/22.

2. Background

2.1 Ernst Young, the Council's independent external auditors have previously submitted the Audit Plan report that outlined their approach to planning and delivering the audit and the fees for the 2020/21 financial year.

3. Information

2020/21 accounts and audit

3.1 The deadline for issuing the draft accounts for 2020/21 was 31 May 2021 and this was met by the City Council. The statutory deadline for then issuing the annual Statement of Accounts was 30th September 2021. The City Council achieved this deadline in the previous year but following the delay of the external audit was unable to do so for 2020/21.

3.2 The audit of the 2020/21 financial year subsequently began in November 2021 with a substantial amount of work being completed over a four-week period. This was performed remotely using tele-conferencing, where appropriate, which proved to be a successful approach.

3.3 A shortage of available resource for EY meant that the audit was not concluded at that stage. The conclusion of the audit did not recommence until August 2022 with several changes in the members of the audit team having taken place.

3.4 The degree of scrutiny exercised by the auditors has increased significantly requiring extra input from both them and the Council's own Finance team. This has resulted in a greater number of proposed amendments to the draft accounts than has been the case in previous years. These are now being reviewed in discussion with the Audit Manager.

3.5 It is anticipated at this stage that the details of these amendments along with the final accounts and the external audit report for 2020/21 will be presented to the next meeting of this committee in December.

2021/22 accounts and audit

- 3.6 The draft accounts for the 2021/22 financial year are nearing completion following a delay in receiving the property valuations from the Council's external valuers, Bruton Knowles. These had been promised for mid-May, which would have allowed completion of the draft accounts by the deadline of 31 July 2022.
- 3.7 The statutory deadline for publishing the final audited accounts for 2021/22 has been extended to 30 November 2022. However, the plan and proposed dates for the audit of the 2021/22 financial year have not yet been received and the statutory deadline is therefore unlikely to be achieved. These will be presented to the committee when they are available.

Audit Fees

- 3.8 The audit fee for 2019/20 has now been fully paid. The original fee set by the Public Sector Audit Appointments (PSAA) was £39,364. Following the completion of the audit Ernst Young requested an additional fee of £50,540. Following a review, the PSAA agreed an additional fee of £21,725, making a total fee of £61,089.
- 3.9 PSAA have identified that of this extra £21,725, a sum of £9,000 is considered to be of a recurring nature and has resulted in an increase of the proposed fee for 2022/23 from £39,364 to £45,364. The PSAA also noted that their review is ongoing and that further elements of the 2019/20 additional fee may also be classed as recurring which would prompt a further increase in the fee for 2022/23.

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Background Papers: None