

EY – Presentation of External Audit Plan and Fees 2020 to 2021

Report number:	PAS/WS/21/005	
Report to and date(s):	Performance and Audit Scrutiny Committee	27 May 2021
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Decisions Plan: This item is not included in the Decisions Plan.

Wards impacted: All wards

Recommendation: It is recommended that:

- 1. Members note EY's Provisional Audit Plan and Fees for 2020 to 2021.**

1. Context to this report

- 1.1 The Council's appointed external auditors, Ernst and Young (EY), are required to provide an audit plan (attached at Appendix A) which covers the work they plan to perform in order to provide the Council with:
- An audit opinion on whether the financial statements of the Council give a true and fair view of the financial position at 31 March 2021 and of the income and expenditure for the year then ended.
 - A conclusion on the Council's arrangements to secure economy, efficiency and effectiveness (value for money).

2. Proposals within this report

- 2.1 When planning the audit EY take into account several key inputs:
- Strategic, operational and financial risks relevant to the financial statements.
 - Developments in financial reporting and auditing standards.
 - The quality of systems and processes.
 - Changes in the business and regulatory environment.
 - Management's views on all of the above.
- 2.2 Sections 2 and 3 of Appendix A, summarise EY's assessment of the key risks which drive the development of an effective audit for the Council, and outlines their planned audit strategy in response to those risks. Identification of these risks does not mean that these practices have actually taken place. Officers will be working with EY over the coming months to ensure that these risks are managed and where possible to come to an agreement over their treatment prior to the issuing of the Audit Results Report, and Audit Opinion.
- 2.3 The Ministry of Housing, Communities and Local Government has put in place revised regulations that came into force on 31 March 2021. The Accounts and Audit (Amendments) Regulations 2021 extend the statutory deadlines for the accounts relating to the financial years 2020 to 2021, and 2021 to 2022. Draft accounts need to be prepared by 31 July (instead of 31 May) and the publication of audited accounts will move from 31 July to 30 September.
- 2.4 However, due to resourcing issues throughout the sector as well as the increased complexity around local authority accounts work, EY will not be in a position to issue the Audit Results Report by the end of September. Instead, they have set out a provisional phasing plan (Section 7 of Appendix A) to ensure that they are able to deliver both the 2020 to 2021 statement of accounts work and the housing benefits subsidy work they are responsible for. It is expected that the Audit Results Report will be presented to the November meeting of PASC.

- 2.5 The planned and scale fees for carrying out this work for 2020 to 2021 are set out on page 40 of the Audit Plan at Appendix A. EY are currently in discussion with management to agree the planned fee for the year.

3. Alternative options that have been considered

- 3.1 The audit of the financial statements is governed by the Local Audit and Accountability Act 2014 and is conducted in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Therefore, there are no alternative options.

4. Consultation and engagement undertaken

- 4.1 This report and the appendix have been compiled by the Finance team in consultation external audit.

5. Risks associated with the proposals

- 5.1 The assessment of the key strategic or operational risks and the financial statement risks facing the Council have been identified by EY through their knowledge of the organisation's operations, and through discussion with members and senior officers.

6. Implications arising from the proposals

- 6.1 All implications arising from the proposals are covered within the report and its associated appendices.

7. Appendices referenced in this report

- 7.1 **Appendix A** – West Suffolk Council Provisional Audit Plan for the year ended 31 March 2021

8. Background documents associated with this report

- 8.1 None