

# Ernst and Young (EY) Presentation of External Audit Plan and Fees 2023 to 2024

<b>Report number:</b>	<b>PAS/WS/24/008</b>	
<b>Report to and date(s):</b>	<b>Performance and Audit Scrutiny Committee</b>	30 May 2024
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**Decisions Plan:** **There is no requirement to include in the Decisions Plan.**

**Wards impacted:** **All wards.**

**Recommendation:** **It is recommended that:**

- 1. Members note EY's Audit Planning Report for the year ended 31 March 2024.**

## 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 2024 and of the income and expenditure for the year then ended.
- Commentary on the Council's arrangements to secure value for money in its use of resources.

## 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.

### **Local audit backlog**

2.3 The Department for Levelling-up, Housing and Communities (DLUHC) has developed measures to clear the current sector wide backlog in local audits. They are consulting on proposals for statutory backstop dates for the completion of audits and publication of financial statements. The proposed backstop date for historic audits up to and including 2022 to 2023 is 30 September 2024 and for 2023 to 2024 is 31 May 2025.

2.4 Although requested for them to do so, EY are not undertaking any core local authority audits for the financial year 2022 to 2023 (except for pension audits). The focus for EY is to start the planning and delivery of 2023 to 2024 audits, their strategy being to recover audits across their audit clients as a whole for 2023 to 2024, drawing a line on all historical previous audits. As a result of the backstop dates and

EY's approach, EY are likely to issue a disclaimed and modified opinion on the council's 2022 to 2023 financial statements, through no fault of West Suffolk and this will be made clear in EY's disclaimed and modified opinion when issued later this year. This will impact the audit procedures needed to gain assurance on the 2023 to 2024 financial statements. The attached Audit Plan highlights those areas where EY consider it most likely that the proposed measures will impact their audit approach and scope.

#### **Audit timeline**

- 2.5 Set out in Section 7 of Appendix A is EY's provisional timeline for delivering the 2023 to 2024 audit. It is expected that the Audit Results Report will be available by November 2024 with the Audit Opinion and Auditor's Annual Report being issued in December 2024.

#### **Audit fees**

- 2.6 The fees for carrying out this work for 2023 to 2024 are set out on page 49 of the Audit Plan at Appendix A. A scale fee of £199,671 has been set by Public Sector Audit Appointments (PSAA). However, the final fee may include additional charges (variations) which will be discussed with management and will also need to be agreed by PSAA. Appendix A gives details of the factors which may result in fee variations being charged to the council.

### **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 Audit planning report: Year ended 31 March 2024

**8. Background documents associated with this report**

- 8.1 None

