

Strategy and Resources Committee
31 January 2019

External Audit Update

Head of Service/Contact:	Lee Duffy, Chief Finance Officer
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	Annex 1 – 2018/19 External Audit Plan Annex 2 – 2017/18 Grant Certification Letter
Other available papers (not attached):	None

Report summary

This report sets out Grant Thornton's plan for the external audit of the Council's 2018/19 accounts.

Grant Thornton have also provided the Grant Certification Letter for the year ended 31 March 2018.

Both of these items have to be received by this Committee in accordance with audit regulations.

Recommendation (s)

- (1) That the Committee receives the External Audit Plan (Annexe 1)
- (2) That the Committee receives the Grant Certification Letter (Annexe 2).

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

1.1 This report supports the Council's Key Priority Managing Resources.

2 Background

2.1 Grant Thornton are the Council's current independent external auditors, appointed through Public Sector Audit Appointments Limited (PSAA).

2.2 The Council's wholly-owned subsidiary, Epsom & Ewell Property Investment Company, has a separate external auditor; Epsom-based firm, Williams & Co.

Strategy and Resources Committee

31 January 2019

- 2.3 The Council's 2018/19 Statement of Accounts incorporate disclosures that show the combined financial position of the Council and Epsom & Ewell Property Investment Company. These disclosures are known as group accounts.
- 2.4 As part of their Statement of Accounts audit, Grant Thornton will perform sufficient work to gain assurance that the group accounts are materially accurate.

3 Proposals

- 3.1 Grant Thornton have prepared an audit plan for the 2018/19 accounts as shown in Annexe 1. Grant Thornton staff are in attendance at this meeting to present the plan and answer any questions.
- 3.2 Officers are satisfied that the audit plan addresses the key financial and governance issues.
- 3.3 Grant Thornton have also certified the Council's housing benefit subsidy claim for the year-ended 31 March 2018, with no amendments or qualification to the original claim necessary, as per the attached letter at Annexe 2. The auditors found that the Council had put in place adequate arrangements to compile and complete, accurate and timely claims for audit certification.
- 3.4 The Committee is asked to receive the External Audit Plan (**Annex 1**) and the Grant Certification Letter (**Annex 2**).

4 Financial and Manpower Implications

- 4.1 Grant Thornton's 2018/19 scale fee for the main audit is provisionally £34,425, as set by PSAA. This represents a 23% reduction compared to the prior year, when the scale fee was £44,708. An additional fee of £2,250 for group accounts work (£3,000 in 2017/18) is subject to ratification by PSAA.
- 4.2 The 2017/18 housing benefit subsidy certification work has been completed within the agreed £8,976 budget.
- 4.3 The Finance Team have plans in place to ensure that the accounts are closed by the required deadlines and will have regular contact with Grant Thornton during the process.
- 4.4 ***Chief Finance Officer's comments:*** *The annual audit plan sets out the key stages for the audit process for the 2018/19 accounts. The Council has budgeted for the audit fee and has a plan in place to achieve its financial year end and closing of accounts deadlines.*

Strategy and Resources Committee

31 January 2019

5 Legal Implications (including implications for matters relating to equality)

5.1 The Local Audit and Accountability Act 2014 sets out the framework for audit of local authorities. Grant Thornton's work is undertaken in the context of the Statement of Responsibilities of Auditors and Audit Bodies issued by the Comptroller and Auditor General.

5.2 ***Monitoring Officer's comments:** The work of external audit is a key part of the controls in place to ensure that the Council is doing the right thing in the right way at the right time.*

6 Sustainability Policy and Community Safety Implications

6.1 There are no implications for the purpose of this report.

7 Partnerships

7.1 There are no implications for the purpose of this report.

8 Risk Assessment

8.1 The audit of the Council's financial statements comprise a key element of the Council's governance arrangements.

9 Conclusion and Recommendations

9.1 The Committee is asked to receive the External Audit Plan (**Annexe 1**) and the Grant Certification Letter (**Annexe 2**).

Ward(s) affected: (All Wards);