

EXTERNAL AUDIT PLAN

Head of Service:	Brendan Bradley, Head of Finance
Wards affected:	(All Wards);
Urgent Decision?	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	1 – External Audit Plan 2021/22 2 – Management Responses to Auditors' Enquiries

Summary

This report presents the External Audit Plan for 2021/22. In accordance with audit regulations, these items must be presented to Committee.

Recommendation (s)

The Committee is asked to:

- (1) Receive the External Audit Plan for 2021/22
- (2) Consider and approve the management responses to Grant Thornton's enquiries, as set out in Appendix 2.

1 Reason for Recommendation

- 1.1 The annual audit is an integral part of the controls in place for ensuring that the Council achieves its key Corporate Plan priority of being an Effective Council.
- 1.2 The recommendations will also enable to Council to meet its statutory obligations with regard to external audit.

2 Background

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- 2.1 Grant Thornton provides the Council's external audit work. The 2020/21 external audit provided the Council with an unqualified (favourable) opinion on the accounts. Strategy and Resources Committee received Grant Thornton's Audit Findings Report for 2020/21 at its meeting in September 2021, and the Annual Audit Report on 27 January 2022.
- 2.2 In February 2022, Full Council agreed changes to committee terms of reference, meaning from 1 April 2022, external audit items will be presented to Audit, Crime & Disorder and Scrutiny Committee, instead of Strategy & Resources Committee.

3 Proposals

- 3.1 Grant Thornton has prepared an audit plan for the 2021/22 Statement of Accounts as shown in Appendix 1.
- 3.2 The plan outlines the key risks and requirements for 2021/22 and will be presented by Grant Thornton's engagement lead, Paul Cuttle, who will be available at the meeting to answer any questions from Members.
- 3.3 Officers are satisfied that the audit plan addresses the key financial and governance issues.
- 3.4 The Committee is asked to receive the External Audit Plan for 2021/22 (Appendix 1).
- 3.5 Grant Thornton will undertake the external audit in accordance with International Standards on Auditing (ISAs). Under ISA240 guidance, Grant Thornton submitted a number of audit queries to management, to inform its risk assessment for the audit.
- 3.6 ISAs emphasise the importance of two-way communication between auditors and audit committees. As such, Grant Thornton has requested that Audit, Crime & Disorder and Scrutiny Committee consider whether the management responses to the audit queries, at Appendix 2, are consistent with members' understanding and whether there are any further comments the committee wishes to make.

4 2020/21 Housing Benefit Subsidy Certification

- 4.1 The statutory deadline for the certification of the Council's 2020/21 Housing Benefit Subsidy claim was 31 January 2022, which was subsequently extended to 28 February 2022. Owing principally to resource issues at Grant Thornton, audit work on the certification is still to be completed and the deadline has not been met.

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- 4.2 The Council has requested an extension to the deadline from the Department of Work and Pensions, and has been assured that no financial penalty is expected to apply, as similar resourcing issues are prevalent nationwide at a high number of local authorities and audit firms.
- 4.3 Grant Thornton has advised that it plans to complete the certification work in April.
- 4.4 A progress update will be provided at the next ACDS Committee meeting.

5 Risk Assessment

Legal or other duties

- 5.1 Equality Impact Assessment
 - 5.1.1 None arising from the contents of this report.
- 5.2 Crime & Disorder
 - 5.2.1 None arising from the contents of this report.
- 5.3 Safeguarding
 - 5.3.1 None arising from the contents of this report.
- 5.4 Dependencies
 - 5.4.1 None arising from the contents of this report.
- 5.5 Other
 - 5.5.1 The audit of the Council's financial statements and Housing Benefits subsidy claim comprise a key element of the Council's governance arrangements.

6 Financial Implications

- 6.1 The main Statement of Accounts audit base fee for 2020/21 was proposed at £59,675, although this fee is still subject to confirmation by Public Sector Audit Appointments Limited.
- 6.2 The Council has budgeted for an audit fee at this level in the coming years.
- 6.3 Once the 2020/21 fee is confirmed, Grant Thornton will propose a fee for 2021/22.

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- 6.4 The Council expects to receive a grant towards the audit fee from the Department of Levelling Up, Housing and Communities (DLUHC). For 2020/21, the grant is expected to be £17,746. For 2021/22 grant allocations still to be confirmed by DLUHC.
- 6.5 **Section 151 Officer's comments:** The External Audit Plan for 2021/22 forms part of the external audit process for the Council. The Council received an unqualified (favourable) opinion on its Statement of Accounts from the external auditor for 2020/21; the only Council in Surrey to achieve this within the statutory 30 September deadline.

7 Legal Implications

- 7.1 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.
- 7.2 **Legal Officer's comments:** None arising from the contents of this report.

8 Policies, Plans & Partnerships

- 8.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council
- 8.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 8.3 **Climate & Environmental Impact of recommendations:** No specific implications.
- 8.4 **Sustainability Policy & Community Safety Implications:** No specific implications.
- 8.5 **Partnerships:** No specific implications.

9 Background papers

- 9.1 The documents referred to in compiling this report are as follows:

Previous reports:

- 2020/21 Statement of Accounts and Audit Findings Report – Strategy & Resources Committee, 21 September 2021.
- External Audit Update – Strategy & Resources Committee, 27 January 2022.

Other papers:

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- None.