

EXTERNAL AUDIT UPDATE

Head of Service:	Brendan Bradley, Head of Finance
Wards affected:	(All Wards);
Appendices (attached):	1 – External Audit Plan 2022/23

Summary

This report presents an indicative External Audit Plan for 2022/23. In accordance with audit regulations, this item must be presented to Committee.

Recommendation (s)

The Committee is asked to:

- (1) Receive the indicative External Audit Plan for 2022/23.**

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 priority of being an Effective Council.
- 1.2 The recommendation will also enable to Council to meet its statutory obligations with regard to external audit.

2 Background

- 2.1 Grant Thornton provides the Council's external audit work. The 2021/22 external audit provided the Council with an unqualified (favourable) opinion on the accounts. Audit and Scrutiny Committee received Grant Thornton's 2021/22 Annual Auditors' Report on 18 July 2023.
- 2.2 At the same meeting, the committee also received a letter from Grant Thornton informing members that, due to capacity issues in the audit sector, the 2022/23 external audit would be delayed from its original summer date until October 2023.

3 Proposals

- 3.1 Grant Thornton has prepared an indicative audit plan for the 2022/23 Statement of Accounts as shown in Appendix 1.

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- 3.2 The plan outlines the key risks and requirements for 2022/23 and is expected to be presented by a senior Grant Thornton officer, 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 2022/23 (Appendix 1).

4 Risk Assessment

Legal or other duties

- 4.1 Equality Impact Assessment
 - 4.1.1 None arising from the contents of this report.
- 4.2 Crime & Disorder
 - 4.2.1 None arising from the contents of this report.
- 4.3 Safeguarding
 - 4.3.1 None arising from the contents of this report.
- 4.4 Dependencies
 - 4.4.1 None arising from the contents of this report.
- 4.5 Other
 - 4.5.1 The audit of the Council's financial statements comprise a key element of the Council's governance arrangements.

5 Financial Implications

- 5.1 The main Statement of Accounts audit fee for 2021/22 was £61,737.
- 5.2 The equivalent fee for 2022/23 is expected to increase to £67,548, reflecting additional audit requirements which are detailed in the audit fees section of the Audit Plan at Appendix 1. The proposed fee can be met by the Council's existing budget, as the increase had been anticipated.
- 5.3 Any fee increases remain subject to independent review and approval by Public Sector Audit Appointments Ltd (PSAA).
- 5.4 When the new five-year contract commences next year, audit fees are expected to increase further, following the national procurement exercise undertaken by Public Sector Audit Appointments Ltd.

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- 5.5 **Section 151 Officer's comments:** The External Audit Plan for 2022/23 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 2021/22.

6 Legal Implications

6.1 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.

6.2 **Legal Officer's comments:** None arising from the content of this report.

7 Policies, Plans & Partnerships

7.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council.

7.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations:** No specific implications.

7.4 **Sustainability Policy & Community Safety Implications:** No specific implications.

7.5 **Partnerships:** No specific implications.

8 Background papers

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

Previous reports:

- 2022/23 External Auditor's Annual Report – Audit and Scrutiny Committee, 18 July 2023

Other papers:

- 2022/23 Unaudited Statement of Accounts (<https://epsom-ewell.gov.uk/financialreports>)