



Governance Scrutiny Group

Thursday, 6 February 2020

External Audit Strategy

Report of the Executive Manager – Finance and Corporate Services

1. Purpose of report

- 1.1. The attached report from Mazars summarises their approach to external audit activity with regard to the final accounts process and their approach to value for money work in relation to the financial year 2019/20.
- 1.2. Mazars highlight a number of risks concerning the audit focusing on both the financial statements and value for money. For example, fraudulent revenue recognition and the valuation of property, plant and equipment.
- 1.3. Mazars staff will be available at the meeting to answer any detailed questions arising from the report.

2. Recommendation

It is **RECOMMENDED** that the Governance Scrutiny Group accept the External Audit Strategy.

3. Reasons for Recommendation

- 3.1. To comply with the Audit Commission's Code of Audit Practice and relevant legislation and accord with good governance.

4. Supporting Information

- 4.1. Councillors will be aware that we have a legal requirement to produce a draft Statement of Accounts by the 31 May which is then subject to review by the Authority's external auditors, Mazars, and approval by 'those charged with governance', the Governance Scrutiny Group, by the 31 July 2020.
- 4.2. The attached report details the approach that Mazars will use when auditing the 2019/20 Statement of Accounts. It specifies the work they will undertake, when they anticipate undertaking this work, and how they will liaise with Council staff. It also details the key risks with regards to both the year-end accounts and the Council achieving value for money. These include:
 - Management override of controls
 - Valuation of property, plant and equipment

- Defined benefit liability valuation
- Fraudulent revenue recognition

4.3. It should be noted that the audit fees for 2019/20 are currently set at £31,792 plus VAT; however, regulatory changes in audit requirements have taken place since the fees were agreed by the PSAA and this may result in changes.

5. Risks and Uncertainties

5.1. The Mazars report highlights relevant risks (stated at paragraph 4.2 above).

6. Implications

6.1. Financial Implications

The audit fee relating to the costs of the audit work is included within existing budgets.

6.2. Legal Implications

To comply with the Audit Commission Act 1998.

6.3. Equalities Implications

There are no equalities implications.

6.4. Section 17 of the Crime and Disorder Act 1998 Implications

There are no Section 17 Implications.

7. Link to Corporate Priorities

Quality of Life	No links
Efficient Services	Undertaking an external audit of the financial accounts ensures that proper and efficient services are delivered by the Council.
Sustainable Growth	No links
The Environment	No links

8. Recommendations

It is RECOMMENDED that the Governance Scrutiny Group accept the External Audit Strategy.

For more information contact:	Peter Linfield Executive Manager - Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
Background papers available for Inspection:	None
List of appendices:	Appendix 1 – External Audit Strategy Memorandum to March 2020