



Governance Scrutiny Group

Thursday, 24 June 2021

External Audit Annual Plan

Report of the Director – 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 2020/21.
- 1.2. Mazars highlight four significant risks concerning management override of controls, net defined benefit liability valuation, valuation of land and buildings, and Covid-19 grant recognition (see page 13 of Appendix One).
- 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 Annual Plan.

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 July 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 30 September 2021.
- 4.2. The attached report details the approach that Mazars will use when auditing the 2020/21 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
 - net defined benefit liability valuation
 - valuation of land and buildings

- Covid-19 grant recognition.

4.3. It should be noted that the audit fees for 2020/21 are currently set at £50,859 plus VAT (actual fees for 2019/20 were £43,891). These are in line with PSAA and include additional testing as a result of the implementation of new auditing standards and the Code of Audit Practice. This represents an increase of £19,067 (60%) on the original base fee of £31,792 set in 2019/20.

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 will be met from existing budgets.

6.2. Legal Implications

The Governance Scrutiny Group plays a key role in supporting the Council's governance controls by supporting and contributing to the Council's responsibility to maintain an adequate and effective system of internal control.

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	
Efficient Services	Undertaking an external audit of the financial accounts ensures that proper and efficient services are delivered by the Council.
Sustainable Growth	
The Environment	

8. Recommendations

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

For more information contact:	Peter Linfield Director - Finance and Corporate Services 0115 9148439 plinfield@rushcliffe.gov.uk
Background papers available for Inspection:	None.
List of appendices:	Appendix 1 – External Audit Annual Plan