



AUDIT & GOVERNANCE COMMITTEE

Monday, 13 December 2021

Subject	Annual Audit Letter for the year ended 31 st March 2020
Report by	Councillor Edward Back, Assistant Cabinet Member for Resources
Supporting Officer	Brian Mew Chief Finance Officer and Section 151 Officer Brian.mew@eastsuffolk.gov.uk 01394 444571

Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is NOT in the public interest to disclose the exempt information.	Not applicable
Wards Affected:	All Wards

Purpose and high-level overview

Purpose of Report:

The Annual Audit Letter for year ending 31st March 2020 attached as Appendix A, produced by the External Auditor Ernst & Young, communicates the key issues arising from their work to Members and external stakeholders, including members of the public. This report also presents an analysis of additional fees for information in respect of the audit.

Options:

None to consider

Recommendation/s:

That the Annual Audit Letter for the year ended 31st March 2020, along with the additional fee analysis be noted.

Corporate Impact Assessment

Governance:

The Annual Audit Letter is a statutory requirement by the Local Audit and Accountability Act 2014.

ESC policies and strategies that directly apply to the proposal:

The Annual Audit Letter does not link directly to the Council's Strategic Plan, but through securing external assurance over the Council's governance, financial statements, and value for money, this will assist to achieve the priorities of the Strategic Plan.

Environmental:

No impacts

Equalities and Diversity:

No impacts

Financial:

No direct financial impact, but the Annual Audit Letter demonstrates that assurance has been obtained as to East Suffolk Council's financial statements and value for money.

Human Resources:

No impacts

ICT:

No impacts

Legal:

No impacts

Risk:

No impacts

External Consultees:	Ernst & Young LLP, external auditors
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Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: (Select only one primary and as many secondary as appropriate)		Primary priority	Secondary priorities
T01	Growing our Economy		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T02	Enabling our Communities		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
T03	Maintaining Financial Sustainability		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input checked="" type="checkbox"/>
T04	Delivering Digital Transformation		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T05	Caring for our Environment		
P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input type="checkbox"/>
XXX	Governance		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
How does this proposal support the priorities selected?			

Demonstrating assurance as to the correct accounting and value for money in respect of East Suffolk Council's financial resources.

Background and Justification for Recommendation

1 Background facts	
1.1	The Annual Audit Letter communicates the key issues identified by the External Auditor, Ernst & Young, following completion of their audit procedures for the year ended 31 March 2020.
1.2	Detailed findings from Ernst & Young's (EY) audit work have already been reported to the Audit & Governance Committee via the Audit Results Report on 15th March 2021. A further verbal update was then provided to the Committee on 28 th June 2021. At that time the audit was substantially complete and all necessary information to complete the audit had been received. These findings have not been repeated in the Annual Audit Letter.
2 Current position	
2.1	The Executive Summary of the Annual Audit Letter, Appendix A, summarises the areas of audit work undertaken and the conclusions of that work, while the Financial Statement Audit and Value for Money sections of the letter detail the significant risks identified from EY's audit planning, along with the findings from their work in relation to these areas. It is noted in the letter that Covid-19 had an impact on a number of aspects of the 2019/20 audit including uncertainty and impact on valuations, going concern and events after the balance sheet date. There were no issues to report in the letter and an unqualified audit opinion and unqualified value for money conclusion were issued.
2.2	Section 7 of the Audit Letter and Appendix B details the audit fees that are agreed and proposed. EY propose a fee variation for the 2019/20 financial year of £39,360 in addition to the Public Sector Audit Appointments (PSAA) agreed fee of £69,964. The S151 officer has agreed to £22,320 of this variation, in recognition of the fact that additional work has been necessary in addition to that included in the original PSAA fee. However, the remaining proposed £17,040 has not been agreed, and has been referred to PSAA.
3 How to address current situation	
3.1	The remaining £17,040 fee variation is being consulted on with PSAA as to the reasonableness of this and the Council will follow their advice when it is received.

4 Reason/s for recommendation	
4.1	Consulting with PSAA on the disputed fee variation will ensure it is considered fairly and in-line with other Councils facing similar charges for the 2019/20 financial year.

Appendices

Appendices:	
Appendix A	Annual Audit Letter for year ended 31 st March 2020
Appendix B	Additional Fee Analysis

Background Papers:
None.