East Suffolk Council

Annual Audit Letter for the year ended 31 March 2020

12 October 2021

EY

Building a better working world

Contents

Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk). .

This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

Section 1

Executive Summary

Executive Summary

We are required to issue an Annual Audit Letter to East Suffolk Council following completion of our audit procedures for the year ended 31 March 2020. Covid-19 had an impact on a number of aspects of our 2019/20 audit. We set out these key impacts below.

Area of impact	Commentary
Impact on the delivery of the audit	
► Changes to reporting timescales	As a result of Covid-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, have been published and came into force on 30 April 2020. This announced a change to publication date for accounts from 31 July to 30 November 2020 for all relevant authorities. Despite the disruption caused by Covid-19, management was able to produce the draft financial statements with in deadline (i.e. 31 August 2020) before the commencement of the audit in November 2020. Covid-19 has also affected our ability to complete the audit to the planned timetable. There have also been additional audit procedures we had to perform to respond to the additional risks, mainly due to Covid-19.
Impact on our risk assessment	
► Valuation of land and buildings and investment properties	The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty as at 31 March 2020. Material judgemental inputs and estimation techniques are required to calculate the year-end asset property valuations held on the balance sheet. Considering the uncertainty and impact caused by Covid-19, we decided to involve our internal valuation experts (EYRE) to help us in reviewing valuation work performed by the internal valuers.
► Disclosures on Going Concern	Financial plans for 2020/21 and future medium term financial plans needed revision to take into account the ongoing impact of Covid-19. We considered the unpredictability of the current environment gave rise to a risk that the Group may not appropriately disclose the key factors relating to going concern. This assessment needed to be underpinned by managements assessment with particular reference to Covid-19 and the Group's actual year end financial position and performance/outturn reports, along with cashflow forecast till August 2022.
► Events after the balance sheet date	We identified an increased risk that further events after the balance sheet date concerning the ongoing impact of the Covid-19 pandemic may need to be disclosed. The amount of detail required in the disclosure needed to reflect the specific circumstances of the Group.

Executive Summary (continued)

We are required to issue an Annual Audit Letter to East Suffolk Council following completion of our audit procedures for the year ended 31 March 2020. Covid-19 had an impact on a number of aspects of our 2019/20 audit. We set out these key impacts below.

Area of impact	Commentary
Impact on the scope of our audit	
► Information Produced by the Entity (IPE)	We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Group's systems. We undertook the following to address this risk: ► Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and ► Agree IPE to scanned documents or other system screenshots.
► Consultation requirements	Additional EY consultation requirements concerning the impact of Covid-19 on auditor reports were put in place for all audits.

Executive Summary (continued)

The tables below set out the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Group's :	
► Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Council and Group as at 31 March 2020 and of its expenditure and income for the year then ended.
► Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the financial statements.
► Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Area of Work	Conclusion
Reports by exception:	
► Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council and Group
► Public interest report	We had no matters to report in the public interest
► Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
► Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Executive Summary (continued)

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Group's Whole of Government Accounts return (WGA).	Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your WGA return. The extent of our review, and the nature of our report, is specified by the NAO. The Council falls below the £500 million threshold for review as per the NAO's group instructions, Therefore, we did not perform any audit procedures on the consolidation pack.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Group communicating significant findings resulting from our audit.	Our Audit Results Report, dated 2 March 2021, was presented to Audit and Governance Committee on 15 March 2020 once we had significantly completed our audit procedures. We issued an update on Audit Results Report on 26 August 2021, once we had concluded the remaining elements of our audit.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 31 August 2021

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

Debbie Hanson
Associate Partner
For and on behalf of Ernst & Young LLP

Section 2

Purpose and Responsibilities

Purpose

The Purpose of this Letter
The purpose of this Annual Audit Letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council and Group. We have already reported the detailed findings from our audit work in our 2019/20 Audit Results Report dated 2 March 2021 to the Audit and Governance Committee, representing those charged with governance. We provided an update on Audit Results Report on 26 August 2021, upon concluding our audit. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council and Group.

Responsibilities

Responsibilities of the Appointed Auditor

Our 2019/20 audit work has been undertaken in accordance with the Audit Plan dated 10 September 2020 that we presented to the September 2020 Audit and Governance Committee meeting. Our audit is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- Expressing an opinion:
  - On the 2019/20 financial statements; and
  - On the consistency of other information published with the financial statements.
- Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- Reporting by exception:
  - If the Annual Governance Statement is misleading or not consistent with our understanding of the Council and Group;
  - Any significant matters that are in the public interest;
  - Any written recommendations to the Council, which should be copied to the Secretary of State; and
  - If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Group is below the specified audit threshold of £500 million. Therefore, we did not perform any audit procedures on the return.

Responsibilities of the Council and Group

The Council and Group is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement. In the Annual Governance Statement, the Council and Group report publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council and Group is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Section 3

Financial Statement Audit

Financial Statement Audit

Key Issues

The Statement of Accounts is an important tool for the Council and Group to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited East Suffolk Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office and issued an unqualified audit report on 31 August 2021.

Our detailed findings were reported through our Audit Result Report dated 2 March 2021, followed by an update on Audit Results Report dated 26 August 2021.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
Misstatements due to fraud or error (Risk of management override)	
The financial statements as a whole are not free of material misstatements whether caused by fraud or error. As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement. We have not identified a heightened risk of management override overall, but we have identified a specific area where management override might occur, being the incorrect capitalisation of revenue spending, as noted below.	We did not identify any material weaknesses in controls or evidence of material management override. We did not identify any instances of inappropriate judgements being applied. We did not identify adjustments outside of the normal course of business. All journals tested have appropriate rationale. We did not identify any other transactions during our audit which appeared unusual or outside the normal course of business.
Incorrect capitalisation of revenue expenditure	
In considering how the risk of management override may present itself, we concluded that this is primarily through management taking action to override controls and manipulate in year financial transactions that impact the medium to longer term projected financial position. A key way of improving the revenue position is through the inappropriate capitalisation of revenue expenditure. Linking to our risk of misstatements due to fraud and error, we have considered the capitalisation of revenue expenditure on Property, Plant and Equipment& investment property as a specific area of risk.	We did not identify any misreporting of the financial position through the inappropriate capitalisation of revenue expenditure.

Financial Statement Audit (continued)

Other Key Findings	Conclusion
Land and buildings and investment properties valuations Land and buildings represent the vast majority of the property, plant and equipment balance in the financial statements. Both land and buildings and investment property represent a significant balance in the Group accounts and are subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the year-end asset property valuations held on the balance sheet. The Group engages internal property valuation specialists to determine asset valuations and small changes in assumptions when valuing these assets can have a material impact on the financial statements. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates. Due to the higher risk related to the valuation of land and buildings and investment property valuations as at 31 March 2020, we engaged EY valuation specialists to assist the audit team on a sample of assets.	To address this risk we: ▸ Assessed the classification of the assets and whether the appropriate valuation basis has been applied; ▸ Identified and obtained evidence to support any material increases or impairments that arise during the year; ▸ Considered the work performed by the valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; ▸ Sample tested key asset information used by the valuer in their valuation, and agreed this to what had been recorded in the fixed asset register and general ledger; ▸ Considered if there were any specific changes to assets that have occurred and that these had been communicated to the valuer; ▸ Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme for property, plant and equipment and annually for investment property assets as required by the Code; ▸ Reviewed assets not subject to valuation in 2019/20 to confirm that the remaining asset base is not materially misstated; ▸ Engaged EY specialists (EYRE) to assist the audit team on a sample of assets. Our sample included total 8 properties, 6 from land & buildings and one each from surplus assets and investment properties.; ▸ Tested accounting entries had been correctly processed in the financial statements; ▸ Ensured that appropriate disclosure had been made in the accounts concerning the material uncertainty relating to year end valuations. Based on our procedures and our internal valuers (EYRE) report, we did not identify any material issues in relation to these balances.

Financial Statement Audit (continued)

Other Key Findings	Conclusion
Pension liability valuation and disclosures	Based on our procedures performed, we concluded that: ▸ Based on the information provided by the pension fund auditor and the EY Pensions actuarial team, we are satisfied that information supplied to the actuary and the assumptions applied are reasonable. ▸ We are satisfied that the movement in fund asset values between the actuary's estimate and year end are not material for the Council. ▸ We are satisfied that the controls over the triennial valuation were adequate. ▸ We are satisfied that the emphasis of matter included in the pension fund auditor's report does not have a material impact on the pension fund liability in the Council's accounts, taking into account the proportion of the overall pension fund assets held in property unit trusts (9.6%) and the overall proportion of the pension fund related to East Suffolk (7.9%). ▸ Our EY Pensions team has reviewed the approach adopted by the Fund actuary to the McCloud consultation and confirmed that the allowance they have made is reasonable. Although the impact is not material, the Council has amended the financial statements to reflect the figures in the updated IAS19 report. ▸ We discussed and agreed the required changes in accounting entries and disclosures in the accounts, we are satisfied that the amended disclosures are appropriate. Therefore no adjustments have been proposed.
Bad debt and business rates appeal provision valuation	We: ▸ Reviewed the calculation of the bad debt provision and assessed the reasonableness of the approach. ▸ Challenged management assumptions supporting the calculation, particularly where historic collection rates have been used as a prediction for future collectability. ▸ Reviewed and assessed the accuracy and completeness of any disclosures related to estimation uncertainty in the accounts. We concluded our work with no issues noted.

Financial Statement Audit (continued)

Other Key Findings	Conclusion
Going concern disclosures	We: ▸ Reviewed management’s going concern assessment in the draft financial statements. Our work included stress testing of assumptions and cash flow forecasts and ensuring the going concern disclosure within the financial statements is consistent with management’s going concern assessment and that there is no material uncertainty which requires disclosure. ▸ We complied with our internal consultation processes in relation to whether our audit opinion needed to include an emphasis of matter in relation to the going concern disclosures in the Council’s accounts. We concluded our work and found no exceptions. Accordingly, no emphasis of matter paragraph was included in our audit report in relation to this issue.
Establishment of East Suffolk Council and determining opening balances	We: ▸ Reviewed the process the Council adopted to produce the 2019/20 accounts and established opening balances; ▸ Tested the opening balance sheet position for East Suffolk Council and the process for merging balances of the demised Councils; ▸ Compared the opening reserve balance position to the Council’s budget; ▸ Reviewed accounting disclosures relating to Council’s opening balances disclosed in the Statement of Accounts and comparing this to the disclosures required by the CIPFA Code of Practice; and ▸ Used our testing of journals to identify transactions not appropriately included in the statement of accounts, such as those denoted Suffolk Coastal or Waveney Council, which should be part of East Suffolk Councils statement of accounts. We were satisfied that the management adopted adequate procedures to ensure the completeness and accuracy of opening balances. No issues were noted and hence no adjustments were proposed.

Financial Statement Audit (continued)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	Our materiality levels for East Suffolk Council (as communicated in our Audit Planning Report and Audit Results Report) for 2019/20 were set at £2.86 million. This represents 2% of the gross expenditure on provision of services for the year. We set our performance materiality at £1.43 million which represents 50% of planning materiality. We set at 50% to reflect the fact that 2019/20 was the first year of existence of East Suffolk Council. Our audit difference threshold was set at 5% of our materiality (£143K).
Reporting threshold	We agreed with the Audit and Governance Committee that we would report to the Committee, all audit differences in excess of the amounts as detailed above.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations. There were no audit differences which remained unadjusted in the statement of accounts.

Section 4

Value for Money

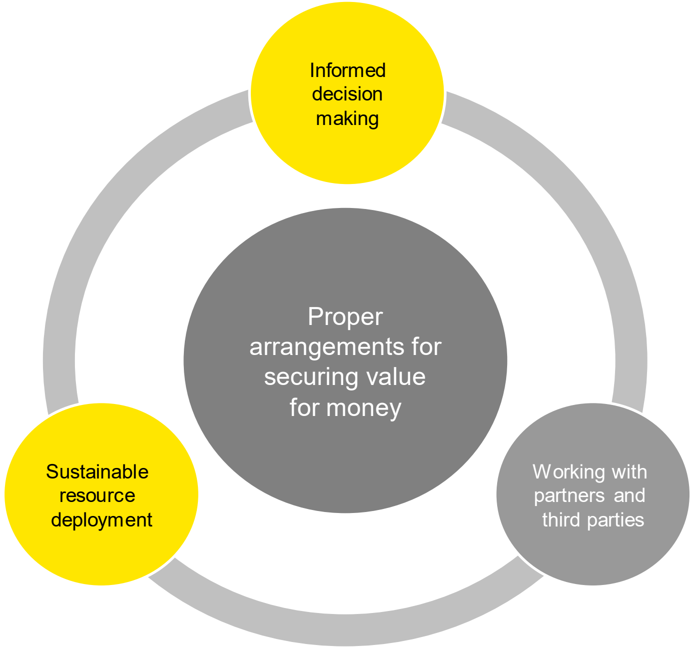
Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

On 16 April 2020, the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of Covid-19. This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider local authorities response to Covid-19 only as far as it relates to the 2019/20 financial year; only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019/20 VFM arrangements conclusion.



We did not identify any significant risks in relation to our value for money related procedures at planning stage. We did not identify any additional risks as a result of Covid-19.

We performed the procedures outlined in our Audit Plan. We did not identify any significant weaknesses in the Council's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

There were no issues to report in relation to the Council's arrangements for value for money. Therefore we issued an unmodified Value for Money opinion.

Section 5

Other Reporting Issues

Other Reporting Issues

Whole of Government Accounts

We are required to perform the procedures specified by the National Audit Office on the accuracy of the consolidation pack prepared by the Group for Whole of Government Accounts purposes.

The Group is below the specified audit threshold of £500 million. Therefore, we were not required to perform any audit procedures on the consolidation pack.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Group's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Other Reporting Issues (cont'd)

Objections Received

Under the Accounts and Audit Regulations, The Council published its draft accounts on its website and the period of inspection was identified as 10 August 2020 to 18 September 2020 inclusive. Notice and signed draft statement of accounts were included on the Council's website. Further to this public notice, a public member, Mr. Michael Holland, raised certain enquiries to EY. We considered those enquiries and responded to Mr. Holland's points in a letter. All points were responded adequately and there are no points/issues which remained unanswered or need further considerations.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Planning Report, Audit Results Report and update on Audit Results Report to the Audit & Governance Committee in September 2020, March 2021 and August 2021 respectively. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

Our audit did not identify any controls issues to bring to the attention of the Audit & Governance Committee.

Section 6

Focused on your future

Focused on your future

The NAO has a new Code of Audit Practice for 2020/21. The impact on the Council and Group and our audit is summarised in the table below:

Responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with the financial statements, there is a requirement to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the content needs to be tailored to reflect the Council and Group's own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources

Auditor responsibilities under the new Code

Under the 2020 Code, we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. However, there is no longer an overall evaluation criterion which we need to conclude on. Instead, the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Reporting on value for money

In addition to the commentary on arrangements, where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the audit report on the financial statements.

However, a new requirement under the 2020 Code is for us to include the commentary on arrangements in a new Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Focused on your future (continued)

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Group is summarised in the table below.

Standard	Issue	Impact
IFRS 16 Leases	The CIPFA LASAAC Local Authority Accounting Board has recently announced the implementation of this standard will be deferred until the 2022/23 financial year. This is in response to the ongoing pandemic and the impact on local authority finance teams. The Board has indicated this will be for one year only and there is no intention to grant any further extensions based on lack of preparedness. Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.	Whilst there is a further delay in implementation, it is clear is that the Group will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. To ensure the readiness to implement the new IFRS 16, the Group must therefore consider that all lease arrangements are fully documented.

Section 7

Audit Fees

Audit Fees

As part of our reporting on our independence, we set out below a summary of the fees due for the year ended 31 March 2020. All below fees are excluding VAT. We confirm that we will undertake the non-audit services for the year ended 31 March 2020 as set out in the table below.

Description	Proposed Fee (£) 2019/20
Scale fee – Code work	69,964
Changes in work required to address professional and regulatory requirements & scope changes associated with risk **- Note 1**	39,360
Additional work required due to changes in scope as a direct result of Covid-19 - **Note 2**	15,362*
Additional work required due to changes in scope for Non-Covid-19 related – **Note 2**	8,462
Additional work required to address VFM risk – **Note 2**	212
Non-audit Fee – Housing subsidy claim	25,935
Total audit fees	159,295

Note 1: PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased audit and quality requirements and increased regulatory challenge on the depth and quality of assurance provided by audit suppliers. There is now greater pressure on firms to deliver higher quality audits by requiring auditors to demonstrate greater professional scepticism when carrying out their work. This has resulted in auditors needing to exercise greater challenge to the areas where management makes judgements or relies upon advisers, for example, in relation to estimates and related assumptions within the accounts. We have proposed an increase of £39,360 to the scale fee to reflect these additional requirements. We have shared the breakdown and details of our proposed increase to the scale fee with management. Management have agreed to £22,320 of this increase. PSAA are yet to determine whether they agree with this increase.

Note 2: For 2019/20, the audit work and resulting fee has been impacted by a range of factors. These included, the increased risk relating to valuations of land and buildings and investment properties, work related to the group accounts as well as the fact that 2019/20 was the first year of existence of East Suffolk Council, which meant we had to undertake additional work on opening balances and perform our audit procedures to a lower level of performance materiality. Covid-19 has also impacted on the work that was required and we identified increased risk and associated work in a number of areas. These included the higher risk related to the valuation of the bad debt provision and going concern disclosures, as well as the work to address the material uncertainty in the valuer's report relating to the valuation of land and buildings and investment properties. As part of our response to this last risk, we engaged EY Real Estate to review a sample of valuations of land and buildings and investment properties. We have quantified the impact of all of the additional risks and resulting audit work on our audit fee for 2019/20 as £24,036. We have shared a detailed breakdown and details of this fee with management. This additional fee is subject to approval by PSAA.

** The management has agreed to £10,952 out of this amount*

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