



AUDIT & GOVERNANCE COMMITTEE

Monday, 20 September 2021

Subject	External Audit Plan 2020/21
Report by	Councillor Maurice Cook, Cabinet Member with responsibility for Resources
Supporting Officer	Brian Mew Chief Finance Office and Section 151 Officer brian.mew@eastsoffolk.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.	N/A
Wards Affected:	All Wards

Purpose and high-level overview

Purpose of Report:

The purpose of this report is to provide the Committee with an opportunity to review and consider Ernst and Young's (EY) Indicative Audit Plan for 2020/21.

Options:

To not present EY's Audit Plan for 2020/21 would not give the Committee the opportunity to review and comment before the commencement of the Audit. This is therefore not an option for consideration.

Recommendation/s:

That the Committee considers the 2020/21 Indicative External Audit Plan and comments on the content of the report.

Corporate Impact Assessment

Governance:

EY are required to set out how they intend to carry out their responsibilities as the Council's External Auditors. The Audit Plan presented to the Committee details the proposed audit approach and scope to be undertaken, ensuring compliance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's new 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd and auditing standards.

ESC policies and strategies that directly apply to the proposal:

- East Suffolk Strategic Plan
- East Suffolk Medium Term Financial Strategy
- Annual Governance Statement

Environmental:

There are no environmental implications identified.

Equalities and Diversity:

An Equality Impact Assessment is not required as the recommendations of this report do not require changes in policy and service delivery.

Financial:

Section Four of the Audit Plan details materiality for the audit of the financial statements which has initially been determined as £3.18 million, based on 2% gross expenditure on provision of services as per the draft accounts for 2020/21. Materiality is subject to change. Any uncorrected errors identified over £159,000 will be reported to the Committee via the External Auditors Audit Results Report.

Human Resources:

There are no Human Resource implications identified.

ICT:

There are no ICT implications identified.

Legal:

There are no legal implications identified.

Risk:

No risks identified as a direct result of the recommendation in this report.

The Audit Plan does include details of EY's assessment of the financial statement risks that apply to the Council and their audit approach to gain assurance that the Council has controls in place to mitigate these risks. There are two significant financial statement risks identified in the Plan and four other risks relating to:

- Land and buildings and investment property valuations;
- Pension liability valuation and disclosures;
- Going Concern disclosures due to Covid-19; and
- Recognition of grant income associated with Covid-19

The above risks are generic across all local authorities due to their size and potential impact on the Statement of Accounts.

External Consultees: None.

Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		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?

The scope of the External Audit Plan is for EY to provide;

- An opinion on whether the Council’s financial statements provide a true and fair view of its financial position as at 31 March 2021, and
- Commentary on the Council’s arrangements to secure value for money through economic, efficient and effective use of its resources.

This supports the Council’s governance arrangements and financial sustainability, which assists the delivery of the Council’s priorities across the Strategic Plan.

Background and Justification for Recommendation

1	Background facts
1.1	EY’s External Audit Plan summarises their initial assessment of the key risks driving the development of an effective audit for the Council and outlines their planned audit strategy in response to those risks.
1.2	EY are also required to consider whether the Council has put in place ‘proper arrangements’ to secure economy, efficiency and effectiveness on its use of resources.
2	Current position
2.1	EY have produced an Indicative External Audit Plan for 2020/21, to inform the Council of the proposed approach and scope of their work, ahead of the commence of the audit in October 2021.
3	How to address current situation
3.1	The Indicative External Audit Plan for 2020/21 is attached as Appendix A for review by the Committee.

4 Reason/s for recommendation

4.1	To provide the Committee with an opportunity to review and comment on EY's Indicative External Audit Plan for 2020/21 before the commencement of the audit in October.
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Appendices

Appendices:

Appendix A	EY Indicative Audit Planning Report, Year Ended 31 March 2021
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Background reference papers:

Date	Type	Available From
	None	