



AUDIT & GOVERNANCE COMMITTEE

Tuesday 22 September 2020

EXTERNAL AUDIT PLAN 2019/20

EXECUTIVE SUMMARY

1. Ernst and Young's (EY) external audit plan summarises their 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.
2. The Audit Plan also summarises the evaluation criterion EY will use as part of their Value for Money Conclusion.
3. Materiality has initially been set at £2.86 million for the audit of the Council's financial statement.

Is the report Open or Exempt?	Open
Wards Affected:	All Wards in East Suffolk
Cabinet Member:	Councillor Maurice Cook Cabinet Member with responsibility for Resources
Supporting Officer:	Simon Taylor Chief Finance Officer and Section 151 Officer 01394 444570 simon.taylor@eastsuffolk.gov.uk

1 INTRODUCTION

- 1.1 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 Audit & Governance 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 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments Ltd and auditing standards.

2 EXTERNAL AUDIT PLAN 2019/20

- 2.1 The proposed External Audit Plan for 2019/20 is attached as Appendix A. Section Two details 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.
- 2.2 The two significant financial statement risks identified are generic across all local authorities due to the reductions in local government funding. Five other risks have been identified in relation to:
- Pension Liability Valuation;
 - Land and Buildings and Investment Property Valuations;
 - Establishment of East Suffolk Council and Determining Opening Balances;
 - Going Concern Assessment due to Covid-19; and
 - Covid-19 Impacts.

With the exception of the establishment of East Suffolk Council the above risks are also generic across all local authorities due to their size and potential impact on the statement of accounts.

- 2.3 EY set out in Section Three of the Audit Plan, their overall evaluation criterion when considering whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources, which is:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

- 2.4 Section Four of the Audit Plan details materiality for the audit of the financial statements which has initially been determined as £2.86 million based on 2% gross operating expenditure. Materiality is subject to change. Any uncorrected errors identified over £143,000 will be reported to the Audit & Governance Committee via the External Auditors Audit Results Report.
- 2.5 Section Five, Six and Seven of the Audit Plan details the audit scope and process, the audit team and timelines.

3 CONSULTATION

- 3.1 None.

4 HOW DOES THIS RELATE TO THE EAST SUFFOLK STRATEGIC PLAN?

- 4.1 EY, as the Council's external auditors, will be aware of the Council's Strategic Plan and through their value for money assessment will comment on the Council's Financial Sustainability and

review the accounting treatment via their audit of the financial statements of critical success factors and planned actions.

5 FINANCIAL AND GOVERNANCE IMPLICATIONS

5.1 Included in Section Two.

6 OTHER KEY ISSUES

6.1 None.

7 OTHER OPTIONS CONSIDERED

7.1 None.

8 REASON FOR RECOMMENDATION

8.1 To provide the Committee with an opportunity to review and consider the External Audit Plan for 2019/20.

<p>RECOMMENDATION</p> <p>That the Committee considers the 2019/20 External Audit Plan and comments on the content of the report.</p>

APPENDICES	
Appendix A	External Audit Plan for 2019/20

BACKGROUND PAPERS - none
