

AUDIT COMMITTEE

25 APRIL 2024

REPORT OF ASSISTANT DIRECTOR FINANCE & IT

A.2 EXTERNAL AUDITOR'S DRAFT AUDIT PLAN AND STRATEGY FOR THE YEAR ENDING 31 MARCH 2024

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present for consideration the External Auditor's Draft Audit Plan and Strategy for the year ending 31 March 2024.

EXECUTIVE SUMMARY

- The External Auditor's Draft Audit Plan and Strategy for the year ending 31 March 2024 is attached, which sets out their planned audit work in respect of informing their opinion on the 2023/24 Financial Statements and the Council's use of resources.
- As highlighted within their report, the plan forms an important element of their audit cycle / timetable along with its associated communication with the Council. Their approach recognises the importance of fostering effective communication throughout the audit process with those charged with governance.
- The plan is set against a number of key elements, which include materiality and risk along with considering areas of focus such as the items highlighted by the Financial Reporting Council set out in the attached report.

RECOMMENDATION(S)

That the Audit Committee considers and notes the External Auditor's Draft Audit Plan and Strategy for the year ending 31 March 2024.

REASON(S) FOR THE RECOMMENDATION(S)

To enable the Committee to consider and confirm their acknowledgment of the External Auditor's Draft Report.

ALTERNATIVE OPTIONS CONSIDERED

Not applicable as the report forms part of the External Auditor's formal reporting responsibilities.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Delivery against priorities, service improvement, best value responsibilities and governance

arrangements are improved through external challenge such as from external audit inspections and reviews.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

The Council is required to ensure there are adequate internal audit / internal control arrangements in place.

The Accounts and Audit Regulations 2015 set out a number of requirements relating to the preparation and publication of the Statement of Accounts along with associated public inspection periods.

The above is complemented by guidance issued by organisations such as the National Audit Office and the Financial Reporting Council which are considered as necessary during the preparation of financial reports.

The PSAA is specified as an appointing person under the provisions of the Local Audit and Accountability Act 2014 and regulation 3 of the Local Audit (Appointing Person) Regulations 2015. For audits of the accounts from 2023/24, the PSAA appointed KPMG as the Council's auditor under the 'opt-in' process that this Council has previously agreed. The current appointing period covers a five year period commencing 2023/24.

FINANCE AND OTHER RESOURCE IMPLICATIONS

Page 21 of the attached sets out a table of the proposed fees payable, with the statutory audit element totalling **£162k**, which can be met from within existing budgets. However, as also set out within **Page 21** of the attached, additional fees could become payable which will be reviewed as necessary as part of the fee variation process in place with the PSAA.

USE OF RESOURCES AND VALUE FOR MONEY

The following are submitted in respect of the indicated use of resources and value for money indicators:

A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	There associated work of the External Auditor is set out within the attached, with outcomes planned to be presented at a future meeting of the Committee.
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and	
C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.	

MILESTONES AND DELIVERY

This report forms an important element of the annual work programme and reporting requirements of the External Auditor.

ASSOCIATED RISKS AND MITIGATION

Not supporting and responding practically and timely to External Audit activity may have an impact on the delivery of the Council's priorities, reputation, governance arrangements and overall control environment.

OUTCOME OF CONSULTATION AND ENGAGEMENT	
Not Applicable	
EQUALITIES	
Not directly applicable.	
SOCIAL VALUE CONSIDERATIONS	
Not directly applicable.	
IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030	
Not directly applicable.	
OTHER RELEVANT IMPLICATIONS	
Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.	
Crime and Disorder	Not directly applicable.
Health Inequalities	
Area or Ward affected	

PART 3 – SUPPORTING INFORMATION

BACKGROUND AND THE EXTERNAL AUDITOR'S AUDIT PLAN AND STRATEGY FOR THE YEAR ENDING 31 MARCH 2024.
<p>Shortly after the end of each financial year the Council prepares in accordance with proper practices a Statement of Accounts as statutorily required, which is then subject to external audit before final publication. The publication deadline for the unaudited accounts is the end of May each year.</p> <p>As previously discussed, in response to the on-going external delays, the Government have undertaken a number of consultation exercises. Although subject to the outcome of the most recent consultation exercises, the Government are expected to continue with their aim of introducing statutory 'backstop' dates by which time audited accounts must be published. Based on the Government's latest consultation (with the outcomes yet to be published), their plan is based on a three stage approach (1. 'Reset', 2. 'Recovery', and 3. 'Reform') which would see 'backstop' dates phased in over the period from 2023/24 through to the accounts for 2027/28. In terms of the statutory 'backstop' date for the 2023/24 accounts, this is currently proposed as 31 May 2025.</p> <p>The Audit Plan and Strategy issued by the External Auditor highlights at a summary level, aspects of the work they plan on undertaking and why, areas of focus including where risks are likely to be greater and the background to their required value for money activities.</p> <p>The outcome of the External Auditor's work will be set out in a separate report that will be presented to the Audit Committee at a future meeting, within the proposed timescales associated with the 'backstop' dates highlighted earlier.</p>
PREVIOUS RELEVANT DECISIONS TAKEN BY COUNCIL/CABINET/COMMITTEE ETC.
Reference Report from the Audit Committee – Appointment of External Auditor for a Five Year Period Commencing 2023/24 – Item A.3 Full Council 15 February 2022

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

APPENDICES

Attached – Draft External Audit Plan and Strategy for the Year Ending 31 March 2024

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