



**Governance and Audit
Committee**

Tuesday, 14 January 2020

Subject: External Audit Strategy Memorandum (Plan) for 2019/20

Report by:

Executive Director of Resources

Contact Officer:

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Purpose / Summary:

To present the 2019/20 External Audit Strategy
from our External Auditors, Mazars.

RECOMMENDATION(S):

To Approve the External Audit Strategy Memorandum Plan for 2019/20

IMPLICATIONS

Legal: None from this report

Financial : FIN/113/20/TJB

Audit Fees are set by the Public Sector Audit Appointments (PSAA) and are contained within existing budget provision.

Staffing : None from this report

Equality and Diversity including Human Rights : None from this report

Data Protection Implications : None from this report

Climate Related Risks and Opportunities: None

Section 17 Crime and Disorder Considerations: None

Health Implications: None

Title and Location of any Background Papers used in the preparation of this report :

None

Risk Assessment :

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

x

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

x

Introduction

1.1 The External Audit Strategy Memorandum (Plan) for 2019/20 is attached at Appendix A and will be presented by Michael Norman, Senior Manager at Mazars LLP.

1.2 The purpose of this document is to:

- Summarise the Audit Approach
- Highlight significant audit risks
- Highlight areas of key judgements
- Materiality Levels
- Provide details of the External Audit Team
- Fee for Audit and Other Services

1.3 The main points of note are as follows:

- The audit approach remains as per previous years

Nov - Jan 2020	Planning
Feb - Apr 2020	Interim Audit
May - Jul 2020	Field Work
Jul 2020	Completion of Audit

- Significant Audit Risks highlighted are:
 - Management override of controls
 - Valuation of Property, plant and equipment, investment properties and assets held for sale
 - Valuation of Net Defined Benefit Liability (Pensions)
 - Fraudulent Revenue Recognition – this is considered as a standard risk for all audits but Mazars do not consider it to be a significant risk for West Lindsey District Council.

1.4 Key judgements highlighted are:

- Minimum Revenue Provision (MRP)
- Group Accounts

1.5 Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole. Misstatement in financial statements are considered material if they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Initial materiality levels are:

Overall Materiality	£850,000
Performance Materiality	£680,000
Triviality	£ 26,000

1.6 The Audit team for 2019/20 are, Mark Dalton, Director and Engagement Lead (In 2018/19 this was Mark Surrige) and Mike Norman, Senior Manager at Mazars LLP.

1.7 The annual audit fee for Code Audit Work 2019/20 is £33,420 (£33,420 2018/19) and for Housing Benefit Claim Assurance 2019/20 £5,800 (£5,800 2018/19).