



**Governance and Audit
Committee**

Tuesday 9 March 2021

Subject: External Audit Strategy Memorandum (Plan) 2020/21

Report by:	Assistant Director of Finance and Property Services and Section 151 Officer
Contact Officer:	Caroline Capon Corporate Finance Team Leader caroline.capon@west-lindsey.gov.uk
Purpose / Summary:	To present the 2020/21 External Audit Strategy from our External Auditors, Mazars

RECOMMENDATION(S):

To Approve the External Audit Strategy Memorandum Plan for 2020/21

IMPLICATIONS

Legal: None from this report

Financial : FIN/139/21

Audit Fees are set by the Public Sector Audit Appointments (PSAA).

The £33,420 Scale audit fee is contained within the budget allocation. However for the 2020/21 an additional fee of approximately £7,067 will be charged in the relation to new auditing standards which will lead to new audit work not reflected in the scale fee. This additional fee is comparable to the additional fee in the 2019/20 audit. In addition, a fee expected to be at least £2,000 will be charged in 2020/2021 this is due to additional work in relation to Value for Money statement and changes in reporting requirements as a direct result of the revised Code of Audit Practice.

In anticipation of this increase the proposed budget 2021/22 includes a 25% uplift in the audit fee. There is therefore anticipated to be a slight budget pressure of circa £750 for 2021/22.

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 from this report

Section 17 Crime and Disorder Considerations: None from this report

Health Implications: None from this report

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

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

1 Introduction

1.1 The External Audit Strategy Memorandum (Plan) for 2020/21 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
- Value for Money

1.3 The main points of note are as follows:

- The audit approach is as follows:

Jan - Feb 2021	Planning
Feb - Mar 2021	Interim Audit
Jun - Sep 2021	Field Work
Sep 2021	Completion of Audit

The completion of the audit is later than in previous years due to the extension of the audit deadline from 31 July to 30 September

- 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)

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 expected to influence the economic decisions of users taken on the basis of the financial statements. Initial materiality levels are:

Overall Materiality	£900,000
Performance Materiality	£720,000
Triviality	£ 27,000

- 1.6 The Audit team for 2020/21 are, Mark Dalton, Director and Engagement Lead and Mike Norman, Senior Manager at Mazars LLP.
- 1.7 The annual audit fee for Code Audit Work 2020/21 is anticipated to be £42,487 (£40,487 2019/20).