



**Governance and Audit  
Committee**

**Tuesday, 16th April 2024**

**Subject: External Audit Strategy Memorandum (Plan) 2023/24**

Report by:	Emma Foy, Director of Corporate Services (S151)
Contact Officer:	Peter Davy Financial Services Manager  peter.davy@west-lindsey.gov.uk
Purpose / Summary:	To present the 2023/24 External Audit Strategy from our External Auditors, KMPG

**RECOMMENDATION(S):**

To Approve the External Audit Strategy Memorandum (Plan) for 2023/24

## IMPLICATIONS

**Legal:** None from this report

**Financial : FIN/2/25/PD**

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

The annual audit fee 2023/24 is anticipated to be £132,410, (£40,486 for 22/23 fee). The Council has provided a budget of £126,200 for the payment of these fees. The overspend can be from underspends elsewhere.

**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 2023/24 is attached at Appendix A and will be presented by Rashpal Khangura, Director at KPMG LLP.

1.2 The purpose of this document is to:

- Give an overview of the planned scope of the audit including materiality.
- Significant risks and other audit risks.
- Audit Risks and the audit approach to these.
- Other significant matters related to the audit approach.
- Mandatory communications.
- Value for Money risk assessment – KPMG’s approach
- Fee for Audit and Other Services

1.3 The main points of note are as follows:

- The audit approach is as follows:

January - March 2024	Planning/Interim Work
July - August 2024	Final Audit
September 2024	Completion of Audit

The completion of the audit is the same as last year.

- Significant Audit Risks highlighted are:
  - Valuation of Land and buildings
  - Valuation of investment property
  - Valuation of post-retirement benefits/obligations
  - Management override of controls
  - Revenue expenditure is inappropriately recognised as capital expenditure.
  - Revenue expenditure is inappropriately recognised as REFCUS.

1.4 Materiality is an expression of the relative significance or importance of a particular matter in the context of the 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	£585,000
Triviality	£45,000

- 1.5 The Audit team for 2023/24 are, Rashpal Khangura, Director, Badar Abbas, Senior Manager and Alex Greenwood Audit Associate for the audit at KPMG UK LLP.
- 1.6 The annual audit fee for 2023/24 is anticipated to be £132,410, the Council has provided a budget of £126,200 for the payment of this fee. Any overspend in the final fee will be met from underspent budgets elsewhere.