

Report to: Governance and Audit Committee

Date: 17 January 2019

Subject: **External audit update**

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1. Purpose of this report

- 1.1 To present the audit strategy memorandum for year ending 31 March 2019.
- 1.2 To present the external audit progress report at January 2019.

2. Information

- 2.1 The **audit strategy memorandum** is produced by the external auditors Mazars prior to the year being audited. The document summarises their audit approach, highlights significant audit risks and areas of key judgements, sets out the audit fee and also provides details of the audit team undertaking the work.
- 2.2 The document is attached at **Appendix 1**.
- 2.3 Mark Kirkham, the audit partner and Mark Dalton, the engagement senior manager, will be in attendance at the meeting to present the memorandum and answer any questions in relation to it.
- 2.4 Mazars has also provided an **external audit progress report** which is attached as **Appendix 2**. This sets out the work undertaken to date by Mazars, a request for information from the Committee and an update on a range of recent publications issued by the National Audit Office, the LGA, CIPFA and the Public Sector Audit Appointments Ltd (PSAA). These cover a range of relevant topics and comment on them is invited from the Committee. Appropriate officers are also considering the information in these reports and using it as required, for example, in planning the year end accounts close down and in preparation of budget papers.
- 2.5 Page 4 of the progress report sets out a number of questions with regard to compliance, oversight of management's processes with regard to fraud and

questions on potential litigation. These are standard questions posed each year by the auditors and it is proposed that a draft response be considered at the next meeting of this Committee.

3. Financial Implications

- 3.1 The audit fee of £25,964 is set out in the audit strategy memorandum and is as previously discussed as part of the consultation on fees. This sum has been included in the draft budget for the Combined Authority.

4. Legal Implications

- 4.1 There are no legal implications directly arising from this report.

5. Staffing Implications

- 5.1 There are no staffing implications directly arising from this report.

6. External Consultees

- 6.1 No external consultations have been undertaken.

7. Recommendations

- 7.1 That the Committee note the audit strategy memorandum for the year ending 31 March 2019 and external audit progress report as at January 2019.
- 7.2 That the Committee note the requirement for a response to the questions posed in section two of appendix two by 31 March 2019 and that a draft response will be brought to the next meeting of this Committee for consideration.

8. Background Documents

None.

9. Appendices

Appendix 1 – audit strategy memorandum for year ending 31 March 2019

Appendix 2 – external audit progress report at January 2019