

Report to: Governance and Audit Committee

Date: 31 October 2019

Subject: **External Audit Update**

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1. Purpose of this report

- 1.1 To present an update on external audit matters to the Committee.
- 1.2 To consider any issues to include in a proposed response to two consultations underway.

2. Information

Annual Audit Letter

- 2.1 The annual audit letter is produced by the external auditors Mazars at the completion of their annual audit work. The letter is attached at **Appendix 1** for consideration.
- 2.2 The letter provides an executive summary of the outcome of the work programme this year and confirms the conclusion of the audit, including the work undertaken on risks and the value for money opinion. It provides information with regard to other reporting responsibilities and confirms the fee for the year as being unchanged. The final section provides a forward look that will assist in shaping the focus of audit work next year.
- 2.3 There were no significant internal control deficiencies to report.

External Audit Consultations

- 2.4 There are two consultation 'calls' out currently as follows and both with a deadline of 22 November 2019:
 - i. One from Ministry of Housing, Communities and Local Government (Redmond Review) which invites views from anyone with a direct or

indirect interest in local authority audit and financial reporting. In summary the consultation will cover:

- definitions of audit and its users
- the expectation gap
- audit and wider assurance
- the governance framework
- audit product and quality
- auditor reporting
- how local authorities respond to audit findings
- the financial reporting framework

- ii. The second one from the National Audit Office is seeking public feedback on proposed updates to its Code of Audit Practice, calling for greater focus on value for money in public bodies.

2.5 Full details can be found at:

Redmond review: <https://www.gov.uk/government/consultations/review-of-local-authority-financial-reporting-and-external-audit-call-for-views>

National Audit Office: <https://www.nao.org.uk/code-audit-practice/code-of-audit-practice-consultation/#>

2.6 It is proposed that the West Yorkshire Combined Authority respond to each consultation, focussing on the most relevant aspects to our organisation. Due to the tight timescales it is further proposed that officers prepare the draft responses by mid-November, share with members via email for comment and agree the final response with the Chair of the Governance and Audit Committee before the submission date. Members' views are requested on any areas of concern for inclusion in any consultation feedback.

3. Financial Implications

3.1 As set out in the report.

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 annual audit letter for 2018/19 and endorse the approach proposed for the two consultation responses.

8. Background Documents

None.

9. Appendices

Appendix 1 – Annual audit letter 2018/19