

**Report to:** Governance and Audit Committee

**Date:** 30 July 2020

**Subject:** External audit progress report

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**Director(s):** Angela Taylor, Director, Corporate Services.

**Author(s):** Angela Taylor/ Jon Sheard

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## **1. Purpose of this report**

- 1.1 To provide an update on external audit matters that have occurred since the last meeting.

## **2. Information**

### Annual Accounts 2019/20

- 2.1 It was reported to the May 2020 meeting that due to the recent Covid-19 outbreak, public authorities have been granted deadline extensions for the annual accounts, with final / audited accounts due by 30<sup>th</sup> November 2020. Though the deadline is understood and welcomed, the Combined Authority, with support from the external auditors Mazars, fully intended to work to the original timescales and aim to present the final audited accounts by 31<sup>st</sup> July 2020.
- 2.2 Every effort has been made to present the final accounts to today's meeting for approval and good progress has been made by the external auditor. However due to matters outside our control, some important and necessary work and external assurances have been delayed, most notably external audit assurance on the pension disclosure figures.
- 2.3 For this reason, and because it is still within the statutory deadline for 2019/20 accounts, it is proposed that the accounts and audit completion report be presented to the meeting in October 2020.
- 2.4 Mazars will be available at the meeting to provide and update on the work completed to date.

## PSAA Updates

- 2.5 The following paragraphs provided a summary of a recent update from the Public Sector Audit Appointments Ltd (PSAA).
- 2.6 Members will recall that in late 2019 the Committee responded to a consultation from the Ministry of Housing, Communities and Local Government (MHCLG - Redmond Review). This consultation invited views from those with a direct or indirect interest in local authority audit and financial reporting. The latest update is that the review has been delayed slightly by the coronavirus pandemic and is now expected to report in September 2020.
- 2.7 The PSAA highlighted that Covid-19 and related “lockdown” restrictions are also raising a variety of challenges nationally for the external audit of 2019/20 accounts. Additionally, although technology enables much of the audit to be conducted remotely, restrictions on access to audited bodies and availability of relevant staff are likely to present difficulties. Though the Accounts and Audit Regulations were amended to allow more time for the preparation, audit and publication of accounts, we are pleased to report that our own audit has not been affected and as previously reported / planned our audit was completed early.
- 2.8 Auditors have also been discussing possible fee variations with audited bodies. However, as reported to the previous meeting, our fee has been set at £25,964, which was the same as the previous year.
- 2.9 The PSAA also reported that given the considerable pressures on local auditors at present, they are considering the option of undertaking a further procurement to try to bring additional audit supply capacity into the market. A final decision has yet to be taken. Any existing contracts with audit firms will not be affected by this exercise.

## **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 approve the recommendation to present the final audited annuals to the next meeting, which is the 29<sup>th</sup> October 2020.
- 7.2 That the Committee consider the information provided on external audit matters.

**8. Background Documents**

None.

**9. Appendices**

None