

**Report to:** Governance and Audit Committee

**Date:** 22 July 2021

**Subject:** External audit progress report

---

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

**Author(s):** Jon Sheard

---

## 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 2020/21

- 2.1 The draft accounts were prepared, published by May 2021 and shared with our external auditors. This is ahead of the required / extended date due to the national pandemic but due to other work priorities, it was agreed that we would prepare the draft accounts by the historic deadline of 31<sup>st</sup> May.
- 2.2 The external audit has commenced and is due to report their final opinion to the meeting on 30<sup>th</sup> September 2021. The external auditor progress report is attached at **Appendix 1** and Mazars are in attendance at today's meeting to provide an update and respond to any committee member comments.

### Other External Updates

- 2.3 It was reported to members previously that a fee variation for the 2019/20 annual audit work was expected and at the time it was estimated at £3,000 in addition to our standard scale fee of £25,964, with the increase being a cost seen nationally across all audits and not as a result of failings locally. A breakdown of the final additional fees are shown in the table below and are in line with expectations.

Scale Fee £25,964.00

---

**Fee Variations**

<b>Approved on</b>	<b>Category</b>	<b>Value</b>
19/05/2021	McCloud	£274.00
19/05/2021	Increased FRC challenge	£442.50
19/05/2021	Pension valuation	£930.50
19/05/2021	PPE valuation	£1,341.00
Total Fee Variations		£2,988.00
<b>2019-2020 total fee including this variation</b>		<b>£28,952.00</b>

---

Other audit matters – Update

- 2.4 It is brought to the committee’s attention that the government recently published (19/5/2021) the update report to Sir Tony Redmond’s independent review into the oversight of local audit and the transparency of local authority financial reporting. A letter setting out the position and next steps is attached at **Appendix 2**.
- 2.5 The letter sets out an overview of proposed changes to the leadership of local audit and also confirms that it is expected that PSAA Limited will continue to fulfil the role of procuring and appointing external auditors.
- 2.6 During Autumn 2021 all local government and police bodies will need to make decisions about their external audit arrangements for the period commencing from the financial year 2023/24, in particular whether to continue to use the existing PSAA Ltd route to make the appointment. PSAA Ltd has recently issued a draft prospectus setting out further details –[LINK](#) to the website. A report will be brought to the next meeting of the Committee setting out any actions required.
- 3. Tackling the Climate Emergency Implications**
- 3.1 There are no climate emergency implications directly arising from this report.
- 4. Inclusive Growth Implications**
- 4.1 There are no inclusive growth implications directly arising from this report
- 5. Financial Implications**
- 5.1 As set out in the report.
- 6. Legal Implications**
- 6.1 There are no legal implications directly arising from this report.
- 7. Staffing Implications**
- 7.1 There are no staffing implications directly arising from this report.

**8. External Consultees**

8.1 No external consultations have been undertaken.

**9. Recommendations**

9.1 That the Committee consider the information provided on external audit matters.

**10. Background Documents**

None.

**11. Appendices**

Appendix 1 – External audit progress report – 2020/21 annual audit

Appendix 2 – MHCLG letter further to Redmond Review