

Somerset West and Taunton Council

Audit and Governance Committee – 14 March 2022

External Audit – Audit Plan 2021/22

This matter is the responsibility of Executive Councillor Henley, Corporate Resources

Report Author: John Dyson, Corporate Finance Manager

1 Executive Summary

- 1.1 This report introduces the External Audit Plan for 2021/22. The Plan is prepared by the Council's external auditors, Grant Thornton, ahead of the financial year-end (31 March).
- 1.2 The purpose of the Plan is to summarise the approach to the 2021/22 audit programme together with the audit view on risk and materiality.
- 1.3 A verbal report on the Plan will be provided by the Audit Director, covering all known aspects of the Plan ahead of it being issued.

2 Recommendations

- 2.1 Members are requested to:
 - consider and note the External Auditor's verbal presentation,
 - delegate receipt and consideration of the final Audit Plan for 2021/22 to the Assistant Director – Finance (S151 Officer) and to the Chair and Vice Chair of this Committee, prior to it being presented to the June meeting of this Committee.

3 Background and key detail of the Report

- 3.1 Each year our external auditors, Grant Thornton, provide a plan which details their approach to the audit work required in respect of the preceding financial year (2021/22). Specifically, this audit work focuses on the provision of an audit opinion in relation to the accounts, value for money (VFM) and associated key risks.
- 3.2 Due to issues beyond the control of the local GT audit team, this year's Plan will not be available for this meeting of the Audit and Governance Committee. Instead, a verbal report will be provided to this meeting by the Audit Director, covering all aspects of the Plan that are available for consideration.

4 Links to Corporate Aims / Priorities

- 4.1 This report links to the Council's aim of achieving financial stability.

5 Finance / Resource Implications

- 5.1 Upon its receipt, we can expect the Audit Plan to set out the external auditors' view on key risk areas for the Council and their approach to auditing them.
- 5.2 Included within the Plan would normally be an indication of the audit fees proposed to be charged by Grant Thornton for the main audit. This would then be compared with the scale fee set through the 5-year contract procured via Public Sector Auditor Appointments (PSAA), covering accounts for the years 2018/19 to 2022/23. Allowance may also need to be made for variations to the delivery of the audit or scope of work this year, creating a risk of a further increase in fees proposed by Grant Thornton. For example, failure to provide a full set of working papers or evidence to a standard acceptable to the Auditor, and/ or any delay in response to audit queries could further result in additional fees being requested.
- 5.3 Officers have already determined a detailed Closedown Plan for the Council's own work required to prepare for the Statement of Accounts, the audit process and audit enquires that will follow. Across the entire Council, both Officers and, to some extent Members, will need to prioritise activities related to the Closedown Plan and the audit, completing stages on a timely basis. This will ensure the audit can be completed on time and will minimise the risk of additional fees and/ or collision with other Council work plans. Meanwhile, there has been a growing trend of increasing the scope of audit testing that adhere to regulations and audit standards. This will inevitably cost the Council more in officer time and focus both in the Finance Service and across other departments of the Council. The dynamic nature of the annual audit process means that it is not possible to quantify the impact at this stage. This may, however, detract resources from other discretionary priorities as officers prepare for and support the delivery of the audit this year.

6 Legal Implications

- 6.1 The Local Audit and Accountability Act 2014 sets out the framework for audit of local authorities.

Democratic Path:

- Audit and Governance Committee – 14 March 2022
- Follow-up report (recommended) to Audit and Governance Committee – 13 June 2022

Reporting Frequency: Annually

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