

REPORT TITLE: EXTERNAL AUDIT ANNUAL REPORT 2023/24

18 JULY 2024

REPORT OF CABINET MEMBER: COUNCILLOR NEIL CUTLER, DEPUTY LEADER
AND CABINET MEMBER FOR FINANCE AND PERFORMANCE

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WARD(S): ALL

PURPOSE

This report details the indicative 2023/24 Audit Strategy and Annual Audit Fees proposed by the council's external auditors, Ernst & Young LLP (EY).

The indicative fee £157,826 for the 2023/24 audit work is at the level of the scale fees set by Public Sector Audit Appointments Ltd (PSAA) for each audited body that has opted into its national auditor appointment scheme.

The auditors are likely to disclaim their opinion on the 2022/23 accounts, the final fee has not been notified and will be subject to approval by PSAA.

RECOMMENDATIONS:

That the Audit and Governance Committee:

1. Notes the external auditor's Audit Strategy for 2023/24 and the impact of the disclaiming of the 2022/23 audit opinion.
2. Approves the indicative 2023/24 annual audit fee.

IMPLICATIONS:1 COUNCIL PLAN OUTCOME

None

2 FINANCIAL IMPLICATIONS

The planned scale fee for the audit of the 2023/24 accounts is £157,826. The scale fee set by PSAA (Public Sector Audit Appointments) has significantly increased from the 2022/23 fee of £52,000. The 2023/24 audit is under a new contract awarded through the PSAA national procurement exercise which has seen an average 151% cost increase across the board. External audit firms have increased their fees citing additional audit work required to deliver and audit compliant with the requirements of the Code of Audit Practice; and secondly increased audit supply market rates.

Our understanding is that there will be no further work planned on the council's 2022/23 financial statements; it is therefore likely that the auditors will issue a disclaimer opinion on the statements. However, wording has yet to be discussed and agreed. The final fee is still subject to agreement with the PSAA.

3 LEGAL AND PROCUREMENT IMPLICATIONS

The Audit and Accounts Regulations 2015 require the council to publish the annual Statement of Accounts, the narrative statement and the annual governance statement, together with any external audit opinion by a specified date. The publication dates for both the 2022/23 and the 2023/24 Annual Financial Reports are still to be confirmed by legislation.

4 WORKFORCE IMPLICATIONS

None

5 PROPERTY AND ASSET IMPLICATIONS

None

6 CONSULTATION AND COMMUNICATION

7 None

8 ENVIRONMENTAL CONSIDERATIONS

None

9 PUBLIC SECTOR EQUALITY DUTY

None

10 DATA PROTECTION IMPACT ASSESSMENT

None required.

11 RISK

None required.

12 SUPPORTING INFORMATION:

None, this is an external report.

13 OTHER OPTIONS CONSIDERED AND REJECTED

13.1 This is a statutory requirement therefore there are no other options to be considered.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

None

Other Background Documents:-

None

APPENDICES:

Appendix 1 – EY Audit Planning Report year ended 31 March 2024.