

Report to: Audit Committee

Date of meeting: 29 March 2022

By: Chief Finance Officer

Title: External Audit Plan 2021/22

Purpose: To inform the Committee of the content of the Council's External Audit Plan for 2021/22

RECOMMENDATION:

The Committee is recommended to consider and comment on the External Audit Plan for 2021/22

1. Background

1.1 The External Audit Plan provides an overview of the planned scope and timing of the statutory audit of the Council's accounts and identifies any significant risks. Grant Thornton (GT), as the Council's external auditors, must form and express an opinion on the financial statements for the Council. The plan also outlines the work that GT will undertake as part of the assessment of whether the Council has proper arrangements in place to secure Value for Money (VfM).

2. 2021/22 Financial Statements

- 2.1 The draft External Audit Plan for 2021/22 (Appendix 1) identifies a number of risks that require audit consideration as they could potentially cause a material error in the financial statements. These are:
- ISA240: Fraudulent revenue recognition (this presumed risk has been rebutted);
 - Fraudulent expenditure recognition (this presumed risk has been rebutted);
 - Management override of controls (journals, estimates and transactions);
 - Valuation of land and buildings (including investment properties);
 - Valuation of Pension Fund net liability;
 - Accuracy and accounting for Public Finance Initiative (PFI) liabilities
 - Accounting for grant revenue and expenditure correctly
- 2.2 As part of the initial scoping work for the 2022/23 audit, GT requested information that would inform their assessment of risk. This is attached at Appendix 2 for the awareness of the Committee.
- 2.3 The Code of Audit Practice provides for the separate reporting of the audit of VfM, with key criteria covering financial sustainability, governance and efficiency & effectiveness. No significant VfM weaknesses have been identified during GT's initial planning work.
- 2.4 One of the measures announced to improve the timeliness of external audits is to extend the deadline for the publication of audited local government accounts for 2021/22 from 30 September 2022 to 30 November 2022. It is proposed then to move back to 30 September

for 6 years from 2022/23 onwards. This announcement is on the back of the Public Sector Audit Appointments (PSAA) stating that only 9% of all audits met the 30 September 2021 deadline for the 2020/21 accounts. For East Sussex, the accounts were signed off on 19 October 2021.

- 2.5 For East Sussex, we are working with GT to ensure that the audit is completed as close to the original 30 September 2022 deadline. The MBOS (accounting system replacement) project will require a significant amount of officer involvement as its moves into data migration, User Acceptance Testing and parallel running phases. It would be unwelcomed if the audit was to take valuable resources away from the project.
- 2.6 The planned audit fees for 2021/22 are yet to be confirmed by the Public Sector Audit Appointments (PSAA) but are likely to show an increase on the provisional actual fees for 2020/21 of £119,350.

3. Conclusion and Recommendation

- 3.1 The External Audit Plan is presented to the Committee for discussion and comment. The Plan will be reported to Cabinet for approval on 19 April 2022.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Ian Gutsell, Chief Finance Officer
Tel. No: 01273 481399
Email: ian.gutsell@eastsussex.gov.uk

Local Member(s): All
Background Documents
None