

**Report to:** Cabinet

**Date of meeting:** 16 April 2024

**By:** Chief Finance Officer

**Title:** External Audit Plan 2023/24

**Purpose:** To inform Cabinet of the content of the Council's External Audit Plan for 2023/24

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**RECOMMENDATION:**

**Cabinet is recommended to approve the External Audit Plan for 2023/24**

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**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.

**2. 2023/24 Financial Statements**

2.1 The External Audit Plan for 2023/24 (Appendix 1) identifies a number of risks that require audit consideration as they could potentially cause a material error in the financial statements. These have not changed from the 2022/23 audit and 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;
- Valuation of Pension Fund net liability.

2.2 No significant Value for Money weaknesses have been identified during GT's initial planning work. Further information will be requested at a later point.

2.3 The proposed timeline is to undertake the year end audit during June to September 2024, reporting a draft Auditor's Report to the Audit Committee on 20 September 2024, with the Auditor's Annual Report to the Audit Committee on 22 November 2024. The draft statement of accounts for 2023/24 will be published by 31 May 2024.

2.4 The proposed audit fee for 2023/24 is £275,046. The revised fees, including variations, for 2022/23 are £127,055, which have yet to be reviewed and confirmed by the Public Sector Audit Appointment (PSAA) Ltd. Recent years have seen significant pressures on external auditors. With the challenge of staff recruitment, coupled with increased regulatory expectations, particularly regarding estimates and valuations of property, plant and equipment and pensions, leading to the vast majority of local authority audits not being completed on time. For the Council, the 2021/22 statement of accounts were finally signed off on 20 December 2023, with the 2022/23 audit nearing completion in April 2024. In response to these challenges, the most recent PSAA procurement of external audit services for 2023/24 onwards resulted in an average increase in audit scale fees of 150%. It should be noted that the increase comes after a number of years of fee reductions. The 2009/10 statement of accounts show that the cost of external audit was £245,000, prior

to additional costs for grant approvals. The formation of the PSAA in 2014 saw a reduction in audit fees. In recent years, the government has provided grant funding to mitigate some of the increased audit costs. For 2023/24, the final year of the grant, the Council will receive £32,589.

### **3. Conclusion and reasons for recommendation**

3.1 The External Audit Plan provides an overview of the planned scope and timing of the statutory audit of the Council's 2023/24 accounts and identifies any significant risks. Cabinet is recommended to approve the plan which is attached at Appendix 1 of the report.

#### **IAN GUTSELL Chief Finance Officer**

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Local Member(s): All

Background Documents: None