



CORPORATE GOVERNANCE COMMITTEE – 30 SEPTEMBER 2022

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

EXTERNAL AUDIT PLAN 2021/22

Purpose of report

1. The purpose of this report is to present the final External Audit Plan 2021/22 for the Council and its Pension Fund for consideration.

Audit Plan 2021/22

2. The indicative Audit Plan for 2021/22 was reported to the Corporate Governance Committee in May 2022. Following completion of the Auditor's detailed audit planning the final audit plan has now been received, a copy is attached as an Appendix to this report.
3. A representative from the County Council's external auditors, Grant Thornton UK LLP, will attend the meeting in order to present the final Audit Plan and answer any questions.
4. Overall there are no significant changes to the Indicative Audit Plan presented previously to the Committee. In summary, the risks identified by the external auditor for 2021/22 are summarised below: (same as in 2020/21)
 - Management override of controls – review of management controls over journals, accounting estimates and accounting policies.
 - Valuation of property, plant and equipment – review of the valuation of assets valued on a cyclical basis.
 - Valuation of the pension fund net liability – review of assumptions, methodology and data provided to the Actuary.
 - Pension Fund – valuation of hard to price investments – review of estimates used.
 - Infrastructure Assets accounting - review of the accounting treatment applied compared with the Code of Practice. Additional guidance is being considered by the Chartered Institute of Public Finance and Accountancy (CIPFA) including consideration of a potential statutory override. This is not expected until November or December. An update will be provided to the Committee in November.

5. The Final Audit Plan includes a review of the Council's approach to accounting estimates and estimation uncertainty. The Council's response was covered in the May 2022 update to the Committee.
6. The Audit Plan also confirms the materiality levels for 2021/22. The materiality level for the audit opinion for the County Council is £14m (£12m 2020/21) and for the Pension Fund £40m (£29m 2020/21). The limits set are at the highest level for the auditors' major audits.
7. A review of the Value for Money (VfM) arrangements will be undertaken again for 2021/22, following the same approach as in 2020/21. The auditor will also follow up on the actions taken in response to the eight improvement recommendations made in the 2020/21 Auditor's Annual Report which the Committee previously considered and commented on at its meeting in January 2022. The assessment will start in September and will be reported to the Committee in November.
8. As reported in the indicative Audit Plan in May, the 2021/22 audit fees for the County Council are £114,715 (£107,602, 2020/21) and for the Pension Fund £33,193 (£34,530, 2020/21). The increase for the County Council is for additional work relating to Infrastructure Assets which will be reviewed following the advice from CIPFA on the accounting treatment. Other fees include IAS19 assurance work provided to the external audit firms of the main pension fund employers, £17,000 (£6,500 2020/21). The increase in the fee follows increased audit assurance work and a review by Grant Thornton of their audit time and costs. The fee is recharged across 12 employers, including the County Council.

Production of Draft Accounts - Update

9. The Accounts and Audit (Amendment) Regulations were updated in March 2021. This update amended the original 2015 Accounts and Audit Regulation deadline, for the publication of draft accounts, from the end of May to the end of July, to allow additional time due to the impact of the Covid-19 pandemic. The revised dates apply to the 2020/21 and 2021/22 financial years only. The Council completed the draft 2021/22 accounts ahead of the deadline and these were published on the Council's website on 30 June 2022. A copy of the draft accounts can be accessed here: <https://www.leicestershire.gov.uk/about-the-council/council-spending/payments-and-accounts/statement-of-accounts>

Recommendation

10. The Committee is asked to note the attached reports and to provide any comments.

Equality and Human Rights Implications

11. None.

Circulation Under the Local Issues Alert Procedure

12. None.

Background Papers

Report to the Corporate Governance Committee: Indicative External Audit Plan and Audit Risk Assessment 2021/22 – 13 May 2022

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=6844&Ver=4>

Report to the Corporate Governance Committee: Auditor's Annual Report 2020/21 – 28 January 2022 <https://politics.leics.gov.uk/documents/s166180/AAR%20LCC%2020-21%20v2.pdf>

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Appendix

Appendix – External Audit Plan

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