

<b>Committee:</b> Audit & Scrutiny	<b>Date:</b> 7 December 2021
<b>Subject:</b> External Audit Plan 2020/21	<b>Wards Affected:</b>
<b>Report of:</b> Jacqueline Van Mellaerts, Corporate Director (Finance & Resources)	<b>Public</b>
<b>Report Author:</b> Name: Jacqueline Van Mellaerts, Corporate Director (Finance & Resources) Telephone: 01277 312500 E-mail: jacqueline.vanmellaerts@brentwood.gov.uk	<b>For Information</b>

### Summary

The External Audit Plan sets out how the Council's external auditors, Ernst & Young intend to carry out their responsibilities in auditing the final accounts for the financial year 2020/21.

### Main Report

#### **Introduction and Background**

1. The External Audit Plan covers the work that is planned in order to provide the Council with:
  - a) An audit opinion on whether the financial statements of Brentwood Borough Council give a true and fair view of the financial position as at the end of 31 March 2021 and of the income and expenditure for the year then ended; and
  - b) A statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

#### **Issue, Options and Analysis of Options**

2. The audit assignment will consider several key inputs:
  - a) Strategic, operation and financial risk relevant to the financial statements
  - b) Developments in financial reporting and auditing standards
  - c) The quality of systems and processes, changes in the business and regulatory environment
  - d) Management views on all the above
3. The Audit Plan identifies area of focus of Fraud risk, significant risk and inherent risk for the financial statements:

### Fraud Risk

- a) General Misstatement due to fraud or error.
- b) Incorrect capitalisation of revenue expenditure
- c) Minimum Revenue Provision (New focus)
- d) Rental income from commercial properties (New focus)

### Significant Risk

- a) Valuation of Land and Buildings

### Inherent Risk

- a) Pension Liability Valuation
- b) Going Concern
- c) Group Accounting
- d) Accounting for COVID Grants (New focus)
- e) Accounting for property acquisitions and leisure centres (New focus)
- f) Valuation of NNDR appeals provision (New focus)

4. Under the 2020 code, external audit are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The specific reporting criteria are:
  - Financial sustainability How the Council plans and manages its resources to ensure it can continue to deliver its services;
  - Governance How the Council ensures that it makes informed decisions and properly manages its risks; and
  - Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

EY have included their approach within Appendix A.

5. The External Audit Plan 2020/21 is attached in Appendix A

### **Consultation**

6. None

### **References to Corporate Plan**

7. Good financial management underpins all priorities within the Corporate Strategy.

## **Implications**

### **Financial Implications**

**Name/Title: Jacqueline Van Mellaerts, Corporate Director (Finance & Resources)**

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8. The proposed scale fee for 2020/21 that was agreed as part of the procurement exercise through Public Sector Audit Arrangements (PSAA) is £52,365 as shown in Appendix A, and various fee variations have been proposed. For 2021/22 audit fee EY have put in a proposal which is yet to be agreed with PSAA for £80,952. The final variation fee received from PSAA for 2019/20 is proposed at £20,617. Management is currently scheduling a meeting with PSAA to discuss.

### **Legal Implications**

**Name & Title: Amanda Julian, Corporate Director (Law & Governance) and Monitoring Officer**

**Tel & Email: 01277 312500/amanda.julian@brentwood.gov.uk**

9. All relevant legal considerations have been taken fully into account in compiling this report.

### **Economic Implications**

**Name/Title: Phil Drane, Corporate Director (Planning and Economy)**

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10. There are no direct Economic Implications arising from this report

### **Background Papers**

None

### **Appendices to this report**

- Appendix A: External Audit Plan 2020-21