

Report title: 2021/22 Audit Planning Report for Essex County Council	
Report to Audit, Governance and Standards Committee	
Report author: Nicole Wood, Executive Director, Corporate Services	
Date of meeting: 28 November 2022	For: Information
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Divisions affected All Essex	

1. Everyone's Essex

- 1.1 The Audit, Governance and Standards Committee has responsibility for approving the Council's Annual Statement of Accounts, and for receiving and considering related reports issued by the Council's External Auditor.
- 1.2 The purpose of this report is to present the External Auditor's 2021/22 Audit Planning Report for Essex County Council, as appended.

2. Recommendations

- 2.1 That the Committee notes the content of the External Auditor's report.

3. Background

- 3.1 The purpose of the Audit Planning Report is to explain how the External Auditor (BDO) intends to carry out their responsibilities as auditor of the Council, other than as the administering authority for the local government pension scheme. Specifically, the Audit Planning Report provides the Committee with a basis to review BDO's approach and scope for the 2021/22 audit, to ensure that they are aligned with the Committee's expectations.
- 3.2 The 2021/22 Audit Planning Report for the Essex Pension Fund was presented to the Committee on **31 October 2022 (AGS/23/22)**. The attached plan summarises BDO's assessment of the key risks driving the development of an effective audit for the Council and outlines the planned audit strategy in response to those risks.
- 3.3 The scope of the audit is determined by the National Audit Office's Code of Audit Practice which sets out what local auditors are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014.

- 3.4 The plan also summarises BDO's proposed timelines for completion of their audit of the Council, including the audit review of the Council's arrangements to secure value for money in its use of resources.
- 3.5 BDO welcome the opportunity to discuss the plan with the Committee.

4. Policy context and Outcomes Framework

- 4.1 The Audit Planning Report explains the approach that BDO intends to take to provide their opinion on the financial statements of the Council and to provide commentary on its arrangements to secure value for money in the use of resources.

5. Financial Implications

- 5.1 The Audit Planning Report includes a summary of the proposed audit fees for the 2021/22 audit. Whilst the scale fee is consistent with the fee for 2020/21, additional fees are proposed in relation to the 'use of resources' approach, recurring aspects of the audit approach and risk related work specific to 2021/22. Whilst these increases are indicative of the trajectory for external audit fees, the actual increases are subject to further discussion and agreement.

6. Legal Implications

- 6.1 External audit is a statutory requirement which can only be undertaken by a qualified auditor appointed following the correct legal process.
- 6.2 If done effectively it can provide assurance that the Council has a sound system of internal controls, that risks are being effectively managed and that money is being spent effectively.
- 6.3 The legally appointed auditor is entitled to charge statutory fees and also to do further work, and charge further fees, if they consider it necessary in accordance with the legislation.
- 6.4 A key task of the Audit, Governance and Standards Committee is to review the proposed work plan and suggest any areas that they feel should be looked at as part of the audit.
- 6.5 It would be usual for the audit planning report to be presented to the Committee before the commencement of the audit work but it is understood that the audit of the 2021/22 accounts is already underway.

7. Staffing and other resource implications

- 7.1 The 2021/22 external audit is being undertaken much later in the financial year than would usually be the case. This inevitably means that much of the audit fieldwork will take place alongside other key finance activities, including setting of the 2023/24 budget and planning and preparing for closure of the 2022/23 Accounts. Officers will, nonetheless, make every effort to support the external auditor to achieve the target dates for completion of the 2021/22 audit.

8. Equality and Diversity implications

- 8.1 There are no equality and diversity implications associated with this report.

9. List of appendices

- 9.1 Appendix 1 – 2021/22 Audit Planning Report for Essex County Council.

10. List of Background Papers

- 10.1 2021/22 Audit Planning Report for Essex Pension Fund ([AGS/23/22](#))