



COTSWOLD DISTRICT COUNCIL

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| Council name | COTSWOLD DISTRICT COUNCIL |
| Name and date of Committee | AUDIT COMMITTEE - 30 JULY 2020 |
| Report Number | AGENDA ITEM (15) |
| Subject | EXTERNAL AUDITOR REPORT |
| Wards affected | ALL |
| Accountable member | N/A |
| Accountable officer | Jenny Poole - Chief Finance Officer Tel: 01285 623313 Email: jenny.poole@cotswold.gov.uk |
| Summary/Purpose | To receive a report from Grant Thornton, the Council's external auditors regarding the audit plan for 2019/20. |
| Annexes | Annex A - "Cotswold District Council LG Audit Plan" |
| Recommendation/s | <i>To consider the Grant Thornton Audit Plan for 2019/20.</i> |
| Corporate priorities | Ensure that all services delivered by the council are delivered to the highest standard. |
| Key Decision | NO |
| Exempt | NO |
| Consultees/ Consultation | Chief Finance Officer, Monitoring Officer, Interim Chief Executive. |

1. BACKGROUND

- 1.1. Attached at Annex A is the Council's external auditor, Grant Thornton LLP, plan for the Council's audit 2019/20.

2. MAIN POINTS

- 2.1. The Council 2019/20 audit scale fee approved by PSAA Ltd is £34,557, no change from 2018/19. Grant Thornton is proposing a fee of £45,807. An increase of £11,250 representing a 32.6% increase on the scale fee. Details of the Audit fees are set out at Section 8 of Annex A. The Chief Finance Officer has expressed her disappointment with this level of fee increase and has requested further information from the external auditor on the assumptions contained with the increases for:

- 2.1.1. Raising the bar - compliance with Financial Reporting Council requirements of auditors;

Local Government Pension Scheme valuation;

Property, Plant and Equipment valuations;

Housing Benefit; and

Investment Property valuations.

- 2.2. Representative from Grant Thornton LLP will be in attendance at the meeting to answer any questions from the Committee.

3. FINANCIAL IMPLICATIONS

- 3.1. The proposed audit fee of £45,807 for 2019/20 exceeds the budgetary provision which is based upon the Scale Fee approved by PSAA Ltd. Approval of fees in excess of the Scale Fee will need to feed in to the update of the 2020/21 Budget due to be considered in September 2020.

- 3.2. It is unlikely that the Council will be able to negotiate a termination of the current auditor arrangements, appoint new auditors and complete the audit work on the financial statements for 2019/20 in advance of the statutory deadline of 30th September. Therefore negotiations with Grant Thornton LLP will continue.

- 3.3. Officers will engage with PSAA Ltd, to provide support with these negotiations. PSAA Ltd initially procured the external auditor services on behalf of the Council.

4. LEGAL IMPLICATIONS

- 4.1. None directly from this report, however, Officers will engage with PSAA Ltd over the proposed level of fee increases put forward by the external auditor.

5. RISK ASSESSMENT

- 5.1. Should any further issues arise during the course of the audit that necessitate further audit, the auditor states that "*additional fees will be incurred, subject to PSAA approval*". The Chief Finance Officer has requested that advanced notice is provided of any work which is likely to incur additional audit fees as this has not taken place in previous years.

6. BACKGROUND PAPERS

6.1. None.

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