



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE – 29 SEPTEMBER 2022
Report Number	AGENDA ITEM 8
Subject	EXTERNAL AUDIT PLAN
Wards affected	All
Accountable member	Cllr. Mike Evely Deputy Leader and Cabinet Member for Finance
Accountable officer	Jo Moore, Interim Deputy Chief Executive and Chief Finance Officer Jo.moore@cotswold.gov.uk
Summary/Purpose	To receive a report from Grant Thornton, the Council's external auditors regarding the audit plan for 2021/22
Annexes	Annex A – Cotswold District Council indicative Audit Plan for the year ending 31 March 2022
Recommendation(s)	<i>a) That the Committee considers the Grant Thornton Audit Plan for 2021/22</i>
Corporate priorities	Ensuring that all services delivered by the Council are delivered to the highest standard
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Chief Finance Officer



1. BACKGROUND

- 1.1** Attached as Annex A is the Council's external auditor's (Grant Thornton UK LLP) plan for the audit for the year ended 31 March 2022.

2. MAIN POINTS

- 2.1** Each year, ahead of the main audit, the external auditor will set out their plan and approach to the external audit.
- 2.2** The plan will consider key factors relevant to the sector and any specific matters relating to CDC.
- 2.3** The external audit plan will also outline the key financial risks that they consider are relevant and could potentially result in a material misstatement of amounts included within the draft Statement of Accounts.
- 2.4** The external auditor will also set out their assessment of "materiality" for misstatements which for 2021/22 has been set at £0.820m. Misstatements where either individually or in aggregate are above the materiality level could reasonably be expected to influence the users understanding of the financial statements and/or decisions taken based on them.
- 2.5** During the course of their, Grant Thornton will also be required to consider value-for-money and has identified, in the attached plan, that the greatest risk in relation to value-for-money is financial sustainability.
- 2.6** The 2021/22 audit scale fee approved by PSAA Ltd is £37,557. Grant Thornton is proposing a fee of £62,568, which includes additional work required due to changes in the expectations of the regulator and additional work required in respect of the VFM conclusion.
- 2.7** The fee also includes an uplift of £5,000 which assumes that the finance and audit team will work remotely. These indicative fees are currently being discussed with the Interim Deputy Chief Executive and finance team. This fee is subject to approval by PSAA and will be subject to challenge from PSAA to justify the need for areas of additional work outlined in page 21 of the Audit Plan (Annex A). Grant Thornton is not able to invoice for additional fees until approval has been provided by PSAA.
- 2.8** The final proposed external audit fee for 2020/21 is £57,307. This fee was reported to the Audit Committee in the External Auditor's 2020/21 Audit Findings Report and



included additional charges required due to changes in the expectations of the regulator and additional work required in relation to the VFM conclusion. This fee is still subject to final approval with PSAA.

- 2.9** Representatives from Grant Thornton will attend the meeting to answer any questions from the Committee.

3. FINANCIAL IMPLICATIONS

- 3.1** The proposed audit fee of £62,568 for 2021/22 which is a 9.18% increase on the 2020/21 fee.
- 3.2** In 2021/22 the provision for the external audit fee for 21/22 was £57,830 which means that there is a shortfall of £4,738
- 3.3** Therefore, this additional cost will result in an additional pressure in the 2022/23 budget which will either be funded from compensating underspends or result in an overall reduction of the Council's General Fund.
- 3.4** The 2022/23 budget was increased to reflect the additional external audit fees but will need to be reviewed as part of the 2023/24 budget setting process if a remote audit is undertaken and the £5,000 uplift in fees is applied.

4. LEGAL IMPLICATIONS

- 4.1** None directly arising from this report.

5. RISK ASSESSMENT

- 5.1** The audit plan states that the audit fee is "subject to the Council delivering a good set of financial statements and working papers". The Interim Deputy Chief Executive has requested that Grant Thornton provide advanced notice of any work which is likely to incur additional audit fees.

6. EQUALITIES IMPACT

- 6.1** None directly arising from this report.

7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 7.1** None directly arising from this report.

8. BACKGROUND PAPERS

- 8.1** None



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