



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 25 JANUARY 2024
Subject	EXTERNAL AUDIT PLAN 2022/23
Wards affected	All
Accountable member	Cllr Mike Evely Deputy Leader and Cabinet Member for Finance Email: mike.evely@cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and S151 Officer Email: david.stanley@Cotswold.gov.uk
Report author	Michelle Burge, Chief Accountant Email: democratic@cotswold.gov.uk
Summary/Purpose	To receive the 2022/23 Audit Plan from Grant Thornton, the Council's external auditors.
Annexes	Annex A – 2022/23 Audit Plan
Recommendation(s)	That Audit and Governance Committee resolves to: <i>1. Consider and note the Grant Thornton Audit Plan for 2022/23.</i>
Corporate priorities	<ul style="list-style-type: none">• Deliver the highest standard of service
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Deputy Chief Executive and S151 Officer



1. BACKGROUND

- 1.1** Each year, ahead of the audit, the external auditor provides an overview of the planned scope and timing of the statutory audit of the Council for those charged with governance.
- 1.2** The National Audit Officer ('the NAO') has issued a document entitled Code of Audit Practice 'the Code'. This summarises the responsibilities of auditors. The scope of the external audit is set out in accordance with the Code and International Standards of Auditing (ISAs) (UK). External Audit are responsible for forming and expressing an opinion on the Council's financial statements; they also consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency, and effectiveness in its use of resources. Value for money relates to ensuring that resources are used efficiently to maximise the outcomes that can be achieved.

2. EXECUTIVE SUMMARY

- 2.1** Attached as Annex A is the Council's external auditor's (Grant Thornton LLP) audit plan for the year ended 31 March 2023.
- 2.2** The plan considers key factors relevant to the sector and any specific matters relating to the Council.
- 2.3** The external audit plan outlines the key financial risks that could potentially result in a material misstatement within the draft Statement of Accounts.
- 2.4** The plan includes the external auditor's assessment of 'materiality' for misstatements which for 2022/23 has been set at £0.850m. Misstatements either individually or in aggregate above the materiality level could reasonably be expected to influence the users understanding of the financial statement and/or decisions taken based on them. The materiality level applies not only to monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.
- 2.5** Grant Thornton's indicative risk assessment regarding value for money has not identified any risks of significant weakness. Their risk assessment will continue to be updated until they issue their Auditor's Annual Report.
- 2.6** The plan includes information in respect of the audit team, proposed deliverables from Grant Thornton, timescales for the audit and relation fees. The plan has been agreed with relevant officers of the Council and Publica.
- 2.7** The audit is currently underway and is expected to be completed by March 2024, with audit findings report presented to the next Audit and Governance Committee meeting.
- 2.8** Representatives from Grant Thornton will attend this meeting to answer any questions in relation to the plan and audit from the Committee.



3. ALTERNATIVE OPTIONS

3.1 None

4. FINANCIAL IMPLICATIONS

4.1 The proposed audit fee for 2022/23 is £61,908. Page 18 of the Audit Plan highlights that the major change impacting on the audit for 2022/23 is the introduction of ISA (UK) 315 (Revised) – Identifying and assessing the risks of material misstatement ('ISA 315'). This will require the audit team to increase the scope, nature and extent of their audit documentation, particularly in respect of business processes, and IT controls. The fee of £61,908 outlined above and included on page 19 and 20 of the Audit Plan includes an initial increase of £3,000 to allow for the impact of the introduction of ISA 315. Grant Thornton will inform the finance team if their work in respect of business processes and IT controls identifies any issues requiring further audit testing and a subsequent further increase in fee.

4.2 An accrual of £67,058 in relation to the 2022/23 audit fee was included in the 2022/23 outturn. Following receipt of the final 2022/23 fee invoice during 2023/24, there will currently be a small balance of £5,150 which could be used to fund any subsequent increase in fees in relation to 2022/23 or 2023/24.

5. LEGAL IMPLICATIONS

5.1 None directly arising from this report.

6. RISK ASSESSMENT

6.1 The audit plan states that the audit fee is 'subject to the Council delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input. The Deputy Chief Executive has requested that Grant Thornton provide advanced notice of any work which is likely to incur additional audit fees.

7. EQUALITIES IMPACT

7.1 None directly arising from this report.

8. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

8.1 None directly arising from this report.

9. BACKGROUND PAPERS

9.1 None.

(END)