

**Status of Report: Public**

**Meeting: Corporate Governance Committee**

**Date: 10th March 2021**

**Subject: External Audit Plan 2020/21 & Audit Progress Report**

**Report by: The Treasurer**

**Author: Amy Oliver (Chief Accountant at Leicester City Council)**

**For: Discussion**

### **Purpose**

1. The Combined Fire Authority (CFA's) external auditors, Mazars LLP, have requested that their Audit Strategy Memorandum for 2020/2021 (the Plan) & Audit Progress report is presented to the Corporate Governance Committee for consideration.

### **Recommendation**

2. The Corporate Governance Committee is asked to:
  - a. note the Audit Progress Report (attached as Appendix 1)
  - b. note the External Audit Plan for 2020/21(attached as Appendix 2).

### **Executive Summary**

3. The Audit progress report provides an update on the progress of the External Auditors in delivering their responsibilities.
4. The plan for the 2020/2021 external audit of the CFA (attached at the Appendix 2) includes detail of Mazars' audit approach, significant audit risks and key judgement areas, value for money work and the scale of audit fees. Discussing the plan with Members ensures that Mazars understand their views and concerns and that agreement is reached on both parties' mutual needs and expectations to enable Mazars to provide the CFA with the highest level of service quality.
5. Mazars have highlighted in the plan that the audit is not likely to be completed until November 2021, which is after the Accounts and Audit Regulations date of the 30<sup>th</sup> September 2021.

### **Background**

6. The Audit Progress report provides an update on the progress of the External Auditors in delivering their responsibilities and key publications relevant to the Authority.
7. The Plan sets out in more detail Mazars' audit approach for the year ending 31 March 2021, including the 2020/21 final accounts audit which Mazars will

undertake between June and November 2021. As the audit is not planned to be completed until November 2021, we will be unable comply with the Accounts and Audit Regulations that require audited financial statements for the 30<sup>th</sup> September 2021. Mazars have stated the reasons for delay is due to resourcing challenges, as a consequence of the national delays in the 2019/20 audit and difficulties recruiting new employees. This is not unique to Mazars but a national issue.

8. Mazars will continue to review this plan during the audit, and update it where necessary, to reflect developments at the CFA or any changes in their understanding of the issues that it faces.
9. Representatives from Mazars will be attending the meeting to answer any questions Members may have on the Plan or Audit Progress Report which are attached at the Appendices.
10. The CFA's trading company 'Forge Health Limited' is subject to an external audit. For 2020/21 it is planned to use the same audit firm as was used in 2019/20. The work of Mazars will not be affected.

### **Report Implications/Impact**

11. Legal (including crime and disorder)

The Local Audit and Accountability Act 2014 introduced a Code of Audit Practice prescribing the way in which audit functions are to be undertaken. The Code includes an expectation that the auditors should adopt a constructive approach to their work including sharing and agreeing and audit plan at an early stage with the audited body.

12. Financial (including value for money, benefits and efficiencies)

Mazars propose an audit fee of £27,126. This includes an increase of £4,606 due to increased regulatory pressures. This is in line with 2019/20 fees and the national position.

13. Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)

External Audit provides reassurance to the general public that the CFA is meeting its statutory obligations. They also work with Internal Audit and the Treasurer in ensuring that effective internal control procedures are in place.

14. Staff, Service Users and Stakeholders (including the Equality Impact Assessment)

None

15. Environmental

None

16. Impact upon “Our Plan” Objectives

The external audit work will support the Finance and Resources and Governance strategies in demonstrating value for money and providing assurance.

**Background Papers**

Statement of Accounts 2019/20, Combined Fire Authority 23<sup>rd</sup> September 2020

<https://leics-fire.gov.uk/wp-content/uploads/2020/09/item-7-annual-accounts-final.pdf>

**Officers to Contact**

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