

AUDIT AND STANDARDS COMMITTEE

4 October 2023

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| Title: 2018/19 Audit Fees | |
| Report of the Appointed Auditor, Lisa Blake | |
| Open Report | For Information |
| Wards Affected: All | Key Decision: No |
| Report Author: Lisa Blake, Partner, BDO | Contact Details: E-mail: Lisa.Blake@bdo.co.uk |
| Accountable Director: Jo Moore, Interim Strategic Director, Finance & Investments (S151 Officer) | |
| Accountable Strategic Leadership Director: Fiona Taylor, Chief Executive | |
| Summary This report is to update the Committee on the additional audit fees agreed with Philip Gregory, former Strategic Director, Finance & Investments (S151 Officer) in July 2023. | |
| Recommendation(s) The Audit and Standards Committee is recommended to note the report. | |
| Reason(s) It is a requirement for final audit fees to be agreed with the Section 151 Officer and reported to those charged with governance. Fees agreed for the extended scope of an audit must then be submitted to Public Sector Audit Appointments Limited (PSAA) as a proposed scale fee variation for their approval. | |

1. Introduction and Background

- 1.1 The 2018/19 audit was signed in October 2020.
- 1.2 Our Audit Completion Report (September 2020) highlighted that the quality of the draft accounts and documentation presented for audit was poor, particularly in respect of group consolidation which was complex and had been done by the Council for the first time that year. There had been difficulties obtaining appropriate evidence to support the figures in the Statement of Accounts in a number of areas which had caused delays and there were a significant level of errors identified during the audit, including prior period adjustments, resulting in extended scope work, increased audit sampling and an exponentially high level of input being required by the senior members of the audit team.
- 1.3 This report also stated that as a result of these issues additional fees would be required and that we would discuss this with management.

2. 2018/19 Agreed Audit Fees

- 2.1 In the first quarter of 2021 the audit and finance teams participated in a root cause analysis process to identify how lessons could be learned and improvements made to facilitate the accounts production and audit processes in future years. The results of this were reported to the May 2021 Committee by Philip Gregory, Strategic Director, Finance & Investments (S151 Officer).
- 2.2 After this process was completed a number of discussions were held regarding additional fee proposals and the specific areas where, for example, additional work had been required or a higher level of senior audit team and specialist input had been required in response to technical matters such as prior period adjustments.
- 2.3 The additional fees agreed total £301,990 and the report appended provides the context for them and comparison to the scale fee and the fees charged in the previous year by your previous Appointed Auditor.
- 2.4 PSAA are responsible for appointing external auditors and under the terms of the appointment they set the scale of fees to be charged and require that proposals to vary fees from the scale fee are submitted to them for approval.
- 2.5 We have notified PSAA of the proposed scale fee variation, starting the formal process for seeking their approval to bill those fees.

Public Background Papers Used in the Preparation of the Report: None

List of appendices:

Appendix 1: 2018/19 Audit Fees