



**OPEN REPORT
GOVERNANCE AND RESOURCES COMMITTEE**

Governance & Resources Committee – 14 September 2023

**EXTERNAL AUDIT STRATEGY MEMORANDUM FOR THE FINANCIAL YEAR
ENDING 31 MARCH 2023**

Report of the Director of Resources

Report Author and Contact Details

Karen Henriksen, Director of Resources

01629 761284 or karen.henriksen@derbyshiredales.gov.uk

Wards Affected

None

Report Summary

This report provides information about the external audit plan for the 2022/23 accounts.

Recommendations

That the External Audit Strategy Memorandum for the year ending 31 March 2023 be received and agreed.

List of Appendices

Appendix 1 Audit Strategy Memorandum 2021/22 from Mazars

Background Papers

None

Consideration of report by Council or other committees

No

Council Approval Required

No

Exempt from Press or Public

No

External Audit Strategy Memorandum For The Financial Year Ended 31 March 2023

1. Background

- 1.1 Each year the Council's external auditor, Mazars LLP, provides an Audit Strategy Memorandum for the forthcoming audit of the Council's financial statements. The purpose of this document is to summarise the audit approach, highlight significant audit risks and areas of key judgements and provide the committee with the details of the audit team.

2. Key Issues

- 2.1 Mazars LLP has provided an Audit Strategy Memorandum for the financial accounts for the year ending 31 March 2023. A copy of the Memorandum is shown at Appendix 1 to this report. The covering letter sent with the Memorandum stresses the importance of two-way communication between the Council and the external auditor. The external auditor has requested that the Memorandum be brought to Members' attention. Alastair Newell from Mazars will attend the committee meeting to present the Memorandum and answer any queries relating to it.
- 2.2 The Accounts and Audit Regulations 2015 (amended) state that the deadline for the completion of the audit relating to the 2022/23 accounts is 30 September 2023. The audit scope, approach and timeline are set out in Section 3 of the report at Appendix 1. The intention is for the audit to be completed in time for a report on the outcome to be presented to the Governance and Resources Committee meeting in February 2024.
- 2.3 Significant risks and other key judgement areas are described in Section 4 of the report at Appendix 1. These include:
- Management override of controls,
 - Valuation of the net defined benefit pension asset / liability, and
 - Valuation of land and buildings and investment properties.
- The report describes the planned response to each of these significant risks.
- 2.4 Section 5 of the report describes the approach to Value for Money work and proposed fees are set out in Section 6.

3. Options Considered and Recommended Proposal

- 3.1 Not applicable.

4. Consultation & Publicity

- 4.1 The deadline for local authorities to publish draft financial statements for 2022/23 was 31 May; the draft accounts were published on the Council's website on 8th August, together with a notice of public rights. The accounts are available for public inspection from 9th August 2023 to 19th September 2023. At the time of writing this report, no objections had been received.

- 4.2 A notice of a delay in publishing the Audited Statement of Accounts for 2021/22 is currently shown on the Council's website, pending the receipt of the final Audit Completion Certificate from Mazars.

5. Timetable for Implementation

- 5.1 The external auditor has undertaken some planning and risk assessment work already and has determined levels of materiality for the audit. Most of the external audit work is expected to take place from September to November 2023, with a final review in December and a report to the Governance & Resources Committee in February 2024.

6. Policy Implications

- 6.1 None

7. Financial and Resource Implications

- 7.1 The estimated fees for the external audit of the 2022/23 accounts are shown in the Strategy Memorandum as £45,739 (a reduction from the fees of £52,875 as for work on the 2020/21 accounts). This level of fees can be accommodated within the amount accrued for audit fees in the accounts for 2022/23. The financial risk is assessed as low.

8. Legal Advice and Implications

- 8.1 This report provides information about the external audit plan for the 2022/23 accounts.
- 8.2 The recommended decision at the start of this report is to receive and accept the external audit plan. The legal risk associated with this decision has been assessed as low.

9. Equalities Implications

- 9.1 There are no equalities issues arising from this report.

10. Climate Change Implications

- 10.1 There are no climate change issues arising from this report.

11. Risk Management

- 11.1 The work of the external auditor provides assurance that the Council's financial statements present a true and fair view of the Council's finances.
- 11.2 The VFM assessment that will be undertaken will identify any significant weaknesses in the arrangements that the Council has put in place to secure economy, efficiency & effectiveness in its use of resources. This will help to reduce the risks to financial sustainability, which in turn reduces the risks of failure to deliver corporate plan priorities.

Report Authorisation

Approvals obtained from:-

	Named Officer	Date
Chief Executive	Paul Wilson	24/08/2023
Director of Resources/ S.151 Officer (or Financial Services Manager)	Karen Henriksen	24/08/2023
Monitoring Officer (or Legal Services Manager)	Kerry France	24/08/2023