

Cherwell District Council

Accounts, Audit and Risk Committee

21 June 2021

Final 2019/20 Annual Audit Letter

Report of the Director of Finance

This report is public

Purpose of report

To make the Committee aware of the final 2019/20 Annual Audit Letter and 2019/20 Audit Fee

1.0 Recommendations

The meeting is recommended to:

- 1.1 Note the final 2019/20 Annual Audit Letter
- 1.2 Note the £101,410 audit fee for work over and above the 2019/20 scale fee of £40,138.

2.0 Introduction

- 2.1 The Committee received the final draft of the 2019/20 accounts at its meeting in March 2021. The Committee received an Audit Results Report from the external auditors in March 2021 that summarised the findings of the audit at that stage. The accounts were agreed and signed on 22 April 2021. The external auditors have now produced their 2019/20 Annual Audit Letter. This sets out the overall conclusion of the audit and the Audit Fee for 2019/20.
- 2.2 Audit fees are set based on the Public Sector Audit Appointments (PSAA) Scale Fee. However, there are regularly elements of work that are in excess of the standard assumptions contained within the scale fee. This report sets out the basis for the additional costs for the 2019/20 audit of £101,410.

3.0 Report Details

- 3.1 The overall conclusion of the 2019/20 audit has resulted in an unqualified audit opinion, meaning that the accounts provide a “true and fair view” of the financial position of the Council as at 31 March 2020. The audit also concluded that the

Council has proper arrangements in place to secure value for money in its use of resources.

- 3.2 The 2019/20 audit scale fee was £40,138. In addition to the standard audit work, a further £101,410 of work was carried out as part of the 2019/20 audit. This work related to:

Additional Work	£	Notes
Address professional and regulatory requirements and scope associated with risk	43,423	Proposed to increase the Scale Fee by this amount
Group Accounts Work	12,022	Usually results in additional costs
One-off work for Covid-19	19,341	
Additional work around Property, Plant and Equipment risk	11,713	Usually results in additional costs, in particular around the valuation of Castle Quay
Costs incurred for slippage and prior year adjustments	10,227	
Rescheduling the audit	4,684	
	101,460	

- 3.3 For context, additional audit fees in 2018/19, 2017/18 and 2016/17 were £33,977, £38,751 and £31,537 respectively.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The Committee should be aware of the auditors final opinion following the outcome of the audit and the costs of the audit including variations to the standard scale fee.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

- 6.1 None

7.0 Implications

Financial and Resource Implications

- 7.1 Costs had been accrued as part of the 2020/21 accounts assuming total audit costs of c£100k. As a result a further c£40k will have to be found in 2021/22 to fund the balance. The budget for the audit fee had been increased for 2021/22, but if the audit fee is a similar amount in 2021/22 then this will result in a further financial pressure of c£30k in 2021/22.

Comments checked by:

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Legal Implications

7.2 There are no legal implications arising directly from this report.

Comments checked by:

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Risk Implications

7.3 There are no risk management implications arising directly from this report.

Comments checked by:

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8.0 Decision Information

Key Decision N/A

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

All Corporate Plan Themes

Lead Councillor

N/A

Document Information

Appendix number and title

- Appendix 1 – 2019/20 Annual Audit Letter

Background papers

None

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