

EXTERNAL AUDIT PLAN: AUDIT OF 2019-20 ACCOUNTS
WDA/13/20

Recommendation

That:

1. Members approve the external auditor's plan and fee for the 2019-20 audit.

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Report of the Treasurer

1. Purpose of the Report

- 1.1 The external auditor is required to provide a plan setting out the work they propose to carry out at the Authority prior to commencing their substantive auditing. The auditor's plan is attached at appendix 1 to this report.

2. Background

- 2.1 As a statutory local authority Merseyside Waste Disposal Authority is required to have its accounts and value for money arrangements audited by external auditors.
- 2.2 Grant Thornton was appointed as the Authority's external auditor for a period of five years. The terms of the appointment include an indication of the scale fee for the audit (i.e. the normal and reasonable cost of the audit to the Authority under most circumstances).

3. Audit proposals

- 3.1 The auditor, Grant Thornton, has provided details of their proposed plan and fee for the external audit of the Authority in Appendix 1 to this report. The fee proposed is higher than proposed by Public Sector Audit Appointments (PSAA) and amounts to £27,110. This is because there have been a number of developments that lead the auditors to need to carry out additional audit work, for example:
- Financial Reporting Council (FRC) has increased the amount of scrutiny required
 - There has been an extension to the work required to review Property Plant and Equipment
 - Pensions valuations require additional review
 - New accounting standards have an impact

These factors are discussed in more detail in the Auditors' plan at appendix 1, in the Auditor's Covid19 update at Appendix 2; and also in the separate PSAA update to s151 officers set out at Appendix 3.

- 3.2 The purpose of the plan is to set out for the Authority how the external auditor proposes to carry out their work to audit the Authority's statement of accounts for the financial year 2019-20 (which are due to be finalised in the near future) and to assess whether the Authority has provided value for money over the same period.
- 3.3 The audit plan sets out the auditor's view of the key risks facing the Authority, both from our own activity and from external influences. The plan also shows how the auditor plans to carry out work in response to those risks, which include:
- Changes to the CIPFA 2019-20 accounting code
 - The Authority's financial position
 - Risks of fraud and management override of controls
 - Valuation of land and buildings
 - Impact of Covid19 pandemic
 - Use of estimates for accruals
- 3.4 Within the plan the external auditor has identified the key contacts for the audit and key dates by when their work will be concluded. The key contacts are:
- Andrew Smith – Director
 - Naomi Povey – Senior Manager
 - Chris Blakemore - Executive
- 3.5 Other staff will carry out the work with the named contacts and their reports will be made to the Authority as specified in the plan.

4. Risk Implications

- 4.1 The Authority is required to have an external auditor appointed to ensure it meets its statutory duties and obligations.

5. HR Implications

- 5.1 There are no HR implications arising from this report.

6. Environmental Implications

6.1 There are no environmental implications arising from this report.

7. Financial Implications

7.1 The proposed audit fee of £27,110 is above the Public Sector Audit Appointments (PSAA) 'scale fee' for the Authority, but the additional work requirements for carrying out the audit mean that this is in line with expectations. The cost of the fee was provided for in the budget for 2019-20.

8. Legal Implications

8.1 The appointment of the external auditor is a statutory requirement for the Authority; their plan sets out how they propose meeting their audit obligations.

9. Conclusion

9.1 The Authority is required to have an external audit to review its arrangements, the audit plan sets out how the auditors propose to meet their obligations within the fee proposed. Members are asked to approve the plan and the fee.

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The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 - Nil.