



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No: 6

External Audit – Initial Audit Plan 2021/22

To:	Audit and Governance Committee
Meeting Date:	27 th January 2023
Public report:	Yes
From:	Jon Alsop, Head of Finance and S73 Officer
Key decision:	Not a key decision
Recommendations:	<p>The Audit and Governance Committee is recommended to:</p> <p>a) Note the initial audit plan for the financial year 2021/22 as provided by the Combined Authority's external auditors, Ernst and Young LLP (EY)</p>
Voting arrangements:	No vote, item for noting.

1. Purpose

- 1.1. This paper is to provide the Committee with EY's initial audit plan for the 2021/22 financial year.

2. Background

- 2.1. According to its Terms of Reference, the Audit and Governance Committee shall consider the annual external audit of the Combined Authority's accounts.
- 2.2. The Initial Audit Plan for 2021/22 as shown at appendix 1 sets out how EY intends to

carry out their responsibilities as auditor.

- 2.3. The purpose of the plan is to provide the Audit and Governance Committee with a basis to review EY's proposed approach and scope for the 2021/22 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.
- 2.4. The Committee is asked to review the planned audit approach to ensure that it is aligned with the Committee's service expectations, and to consider whether there are other matters which may influence the audit.
- 2.5. The Outline Audit Plan summarises EY's initial assessment of the key risks driving the development of an effective audit for the Authority and outlines their planned audit strategy in response to those risks.

Amendments to the Audit timetable for 2022

- 2.6. In March 2021, DLUHC announced that, following consultation, the Government laid regulations to amend the draft and final accounting deadlines for principal local authorities. The Accounts and Audit (amendment) Regulations 2021 (SI no 2021/263) – see link below, came into force on 31 March 2021.
- 2.7. DLUHC announced that this was the first action to be completed in implementing the recommendations of the independent Redmond Review into the effectiveness of external audit and transparency of financial reporting in local authorities.
- 2.8. The deadlines for publishing accounts were further amended in June 2022 as set out in the Accounts and Audit (Amendment) Regulations 2022 (link below) that accounts for the year ending 31 March 2022 should be published by 30 November 2022.
- 2.9. At the December meeting, the Committee was advised that due to delays in the preparation of the financial statements, and EY's phased approach to the planning of audits, EY would not be able to give their opinion on our financial statements by the November deadline. CPCA did however still publish the unaudited accounts alongside wording suggested by EY to meet the requirements of the regulations to explain why the accounts had not been audited at that date.

Significant Implications

3. Financial Implications

- 3.1. The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors'

- 3.2. The scale fee for the planned audit code work for 2021/22 is expected to be £26,950 (2020/21 - £26,950). EY have indicated that the baseline increase in scale fee from 2019/20 is expected to be £49,408 with the cost of additional work relating to the identification of the significant Value for Money arrangements of the Combined Authority, to be determined. Details of the factors that will impact the overall audit fee are set out in Appendix A to the plan. The final fee in 2020/21 was £57,312.
- 3.3. All additional code work fees are subject to agreement with the S73 Officer and the Public Sector Audit Appointments Ltd.

4. Legal Implications

- 4.1. The Combined Authority is required by law to ensure that adequate and effective external audit arrangements are provided for.
- 4.2. The external auditors have statutory powers and responsibilities set out in the Local Audit and Accountability Act 2014.
- 4.3. The 2014 Act requires that the Combined Authority's accounts for a financial year must be audited both:
- a) in accordance with the 2014 Act and provision made under it, and
 - b) by an auditor (a "local auditor") appointed in accordance with this Act or provision made under it.

5. Other Significant Implications

- 5.1. None

6. Appendices

- 6.1. Appendix 1: Initial Audit Plan 2021/22 (EY)

7. Background Papers

- 7.1 [The Accounts and Audit \(Amendment\) Regulations 2021 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukdsi/2021/0005/eng/schedule/schedule-1/1)
- 7.2 [The Accounts and Audit \(Amendment\) Regulations 2022 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukdsi/2022/0005/eng/schedule/schedule-1/1)