



AUDIT AND GOVERNANCE COMMITTEE	AGENDA ITEM No: 7
26 MAY 2020	PUBLIC REPORT

CPCA EXTERNAL AUDIT UPDATE 2019/20

1.0 PURPOSE

- 1.1. The purpose of this report is for the Committee to receive an update on the audit of the Combined Authority's financial statements for the year ended 31 March 2020.

<u>DECISION REQUIRED</u>	
Lead Officer:	Jon Alsop, Head of Finance (S73) Suresh Patel, Associate Partner, EY
<p>It is recommended that the Audit and Governance Committee:</p> <p>1. Notes progress of the audit of the Combined Authority's financial statements for the year ended 31 March 2020 against the auditors' audit plan.</p>	

2.0 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 Outline Audit Plan for 2019/20 as shown at appendix A 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 Ernst and Young LLP (EY)'s proposed audit approach and scope for the 2019/20 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 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 attached draft audit plan was due to be reviewed by the Committee at its scheduled March meeting. However, due to the impact of COVID-19, that meeting was cancelled.
- 2.5. This is an opportunity for the Committee to review the audit plan and to receive an update from EY on progress being made against that plan.
- 2.6. The Committee is asked to review the 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.
- 2.7. 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.

3.0 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' work.
- 3.2. The fee for the planned code work is £26,950. EY's proposed uplift is £2,695 and additional fees (as set out in appendix A to the plan) are expected to be between £9,000 and £16,000. The total audit fee for the year is therefore expected to be between £38,645 and £45,645. Last year's total fee was £35,350.
- 3.3. All additional code work fees are subject to approval by PSAA.

4.0 LEGAL IMPLICATIONS

- 4.1. None.

5.0 SIGNIFICANT IMPLICATIONS

- 5.1. None.

6.0 APPENDICES

- 6.1. Appendix A: The CPCA Outline Audit Plan 2019/20.

<u>Source Documents</u>	<u>Location</u>
None	