

Audit, Governance and Standards Committee

29 April 2021

External Audit Plan and Pension Fund Plan 2020/21

Report by Sarah Ireland, Executive Director for Corporate & Communities

Purpose

To update the Committee on the external auditor's progress and the plan for Royal Borough of Kingston Upon Thames and Pension Fund's 2020/21 statement of accounts.

RECOMMENDED that -

1. consideration be given as to whether there are any comments or matters arising from the commentary set out in the External Auditor's Progress Report (Annex 1) that should be brought to the attention of the relevant committee, in particular regarding the Housing Benefit Subsidy Certification set out on page 4 of the progress report;
2. The commentary set out in the External Audit Plan attached at Annex 2 be noted, and consideration be given as to whether there are any comments within this plan or matters arising from it that should be brought to the attention of the relevant committee.
3. The 2019/20 Annual Audit Letter for 2019/20 attached as Annex 3 be noted.
4. the Committee considers whether the responses for informing the audit risk assessment set out in Annex 4 and Annex 5 are consistent with its understanding and whether there are any further comments the committee wishes to make.

Benefits to the Community:

The role of the External Auditor is to provide assurance to key stakeholders of the Council, including the local community, on the key risks and how the body is addressing them. In addition they provide independent assurance over whether the council has proper arrangements in place to manage its business and finances effectively.

Key Points

- A. Key issues in the progress report are covered and summarised in **Annex 1**.
- B. Key issues and risks identified in the external audit plans for the Council and Pension Fund are covered in **Annex 2**.
- C. The findings arising from External Audit work carried out in relation to 2019/20 are summarised in **Annex 3**.
- D. The responses made by Management to the External Auditor in relation to the audit risks are set out in **Annex 4** and **Annex 5**, and the Committee should consider

whether these responses are consistent with it's understanding, and whether any further comments are required.

Context

1. The External Audit Progress Report provides a commentary on the Auditor's progress this year, along with a summary of emerging national issues and developments. The progress report also includes the results of government grant certification from 2019/20.
2. The External Audit Plan provides an overview of the planned scope and timing of the statutory audits of the Council and Pension Fund for those charged with governance.
3. Within this Audit Plan the Auditors have confirmed they have complied with the Financial Reporting Council's Ethical Standard and, as a firm and for each covered person, have confirmed that they are independent and are able to express an objective opinion on the financial statements.

Timescales

4. Not applicable for the purposes of this report.

Financial Context

5. All of the Council's activity needs to be seen in the context of an increasingly challenging financial environment, compounded by the impact of the Covid-19 pandemic.

Resource Implications

6. These are covered in the External Auditor's report.

Legal Implications

7. The Local Audit & Accountability 2014 Act imposes a requirement on relevant authorities to appoint an external and independent auditor on the advice of an independent auditor panel. It also creates a regulatory framework for local audit which applies, with modifications, Part 42 of the Companies Act 2006, whereby the Financial Reporting Council and professional accountancy bodies regulate the provision of local audit services.
8. The Accounts and Audit Regulations 2015 contain detailed rules about the preparation, approval and publication of the annual statement of accounts, and about the arrangements for local electors and other interested persons to exercise their rights of inspection, objection and to question the local auditor.

Risk Assessment

9. Audit risks are covered in the External Auditor's report.

Equalities Analysis

10. Not applicable for the purposes of this report.

Health Implications

11. Not applicable for the purposes of this report.

Road Network Implications

12. Not applicable for the purposes of this report.

Sustainability Implications

13. Not applicable for the purposes of this report.

Background papers - None other than those referred to in the report

Author of report - Ian Geary, Head of Financial Reporting & Control, Shared Finance Service, ian.geary@sutton.gov.uk