



<u>Committee and Date</u>
Audit Committee

<u>Item</u>
<u>Public</u>

Third line assurance: External Audit: Audit Plan

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1. Summary

- 1.1 The External Audit Plan for the year ended 31st march 2021 provides an overview of the planned scope and timing of the statutory audit of Shropshire Council ('the Council') for those charged with governance.
- 1.2 The scope of the audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). Auditors are responsible for forming and expressing an opinion on the:
 - Council's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit Committee); and
 - Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for.

2. Executive Summary

Key points relating to the *External Audit Plan for the year ended 31st March 2021* are as follows:

2.1. Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of those subsidiaries it considers material. Consideration of Group components can be seen on page 5 of the attached report.

2.2. Significant risks

These are those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of controls
- Valuation of land and buildings
- Valuation of net pension fund liability
- Significant findings on these areas as well as any other significant matters arising from the audit will be reported to this committee in the Audit Findings (ISA 260) Report.

2.3. Materiality for the audit

Planning materiality has been set at £8.7m for the Group and £8.6m for the for the Council, which equates to approximately 1.4% of the Council's prior year gross expenditure. Grant Thornton are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £435k .

2.4. Value for Money arrangements

The initial risk assessment regarding the Council's arrangements to secure value for money has identified the following risks of significant weakness:

- Financial resilience
- Highway's contract governance arrangements

Any changes to this risk assessment will be reported to the Committee along with our response and findings.

2.5. Audit logistics

The interim visit took place in March and April 2021 and it is proposed the final visit will take place in August and September 2021. The key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report.

3. Recommendations

It is recommended that Members:

- A. Receive and comment on this report and the attached External Audit: Audit Plan

REPORT

4. Risk Assessment and Opportunities Appraisal

(NB This will include the following: Impact on Children and Vulnerable Adults, Risk Management, Human Rights, Equalities, Community and other Consultation)

- 4.1. Details of the risk assessment undertaken and significant risks identified are contained within the attached Audit Plan.

5. Financial Implications

- 5.1. External Audit fees of £167,061 are detailed within the report alongside associated non-audit fees of £21,100. The Audit Fees are based upon scale fees published by PSAA.
- 5.2. Funding for the fees listed is provided for within the Council's budget.

6. Climate Change Appraisal

- 6.1. There are no direct implications for Climate Change contained within this cover report or attached documents.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

None

Cabinet Member (Portfolio Holder)

Brian Williams, Chair of Audit Committee

Local Member

All

Appendices

External Audit: Audit Plan