



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

Third line assurance: External Audit: Audit Plan 2021/22

Responsible Officer

James Walton

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1. Synopsis

The External Audit Plan for the year ended 31st March 2022 provides an overview of the planned scope and timing of the statutory audit of Shropshire Council ('the Council') for those charged with governance.

2. Executive Summary

2.1 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.

2.2 Key points relating to the External Audit Plan for the year ended 31st March 2022 are as follows:

2.2.1. 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.

2.2.2. 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.

2.2.3. Materiality for the audit

Planning materiality has been set at £9m for the Group and £8.9m 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 £450k.

2.3.4. Value for Money arrangements

The initial risk assessment regarding the Council's arrangements to secure value for money has not yet been completed. This will be reported as part of External Audit progress updates.

2.3.5. Audit logistics

The interim visit took place in March and April 2022 and the final accounts audit work started in July 2022. The key deliverables are

this Audit Plan, our Audit Findings Report and Auditor's Annual Report.

3. Decisions

3.1 It is recommended that Members:

A. Receive and comment on this report and the attached External Audit Plan 2021/22

4. Risk Assessment and Opportunities Appraisal

- 4.1. The Council has in place an effective Counter Fraud, Bribery and Anti-Corruption Strategy. The Council proactively encourages the detection of fraud and irregularities and the appropriate management of them. The Whistleblowing policies contribute to our zero tolerance of fraud, bribery and corruption.
- 4.2. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities, consultation or climate change consequences of this proposal.

5. Financial Implications

- 5.1. External audit fees of £176,811 are detailed within the report alongside associated non-audit fees of £31,100.
- 5.2 Funding for the fees listed is provided for within the Council's budget.

6. Climate Change Appraisal

- 6.1. This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation; or on climate change adaption. Therefore, no effect.

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

Cabinet Member (Portfolio Holder)

Brian Williams, Chair of Audit Committee

Local Member

All

Appendices

1. Shropshire Council Audit Plan, Year Ending 31 March 2022