

**Title of Report:** External Auditor's Annual Report Year-ended 31 March 2021

**Report of:** Darren Collins, Strategic Director, Resources and Digital

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### **Purpose of the Report**

- 1 This report requests that the Committee note the contents of Mazars's Annual Report for year-ended 31 March 2021 and agree to the schedule of fees in section 4 of the report.

### **Background**

- 2 The Auditor's Annual Report (AAR) summarises the work undertaken by Mazars as the auditor of the Council for the year-end 31 March 2021.
- 3 Their responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.
- 4 The report outlines how Mazars have discharged these responsibilities and outlines the findings from the audit. Although the report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.
- 5 The new Code of Practice has changed the way in which Mazars are required to report on findings relating to Value for Money (VFM). Whilst they are still required to be satisfied that the Council has proper arrangements in place, they are now required to report by exception where they have identified significant weaknesses in those arrangements.
- 6 This is a significant change to the requirements under the previous Code which required Mazars to give a conclusion on the Council's arrangements as part of their auditor's report. These changes were presented to the Committee on 8 March 2021.
- 7 Section 4 of the AAR outlines the proposed fees for 2020/21 and outlines specific areas of work over and above the core fee. Officers have discussed the proposed fees with Mazars and are satisfied that the fees are proportionate to the additional work undertaken, in line with guidance on fees issued by Public Sector Audit Appointments (PSAA). Once approved by the Council, Mazars will be required to seek approval by the PSAA.

- 8 The Department for Levelling Up, Housing and Communities (DLUHC) have recognised the additional work of the new Code of Audit Practice and other Redmond recommendations and have announced £15m of additional funding for local authorities in 2021/22 and a further £15m in each of the next two years to meet these new burdens and the increased audit fees. The Council is yet to be notified of its share of this national funding allocation.
- 9 Further information is set out in the AAR in appendix 1.

### **Recommendation**

- 10 The Committee is requested to:
  - i. Note the contents of the external auditor's Annual Report for Year-ended 31 March 2021;
  - ii. Agree to the schedule of fees in section 4 of the report; and
  - iii. Agree to publication of the AAR on the Council's website.

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