

Brighton & Hove City Council

Audit & Standards Committee

Agenda Item 15

Subject: External Audit Plan and Informing the Audit Risk Assessment 2022/23

Date of meeting: 27 June 2023

Report of: Grant Thornton UK LLP (External Audit)

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Ward(s) affected: All

Note: The special circumstances for non-compliance with Council Procedure Rule 7, Access to Information Rule 5 and Section 100B (4) of the Local Government Act as amended (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) were that - Completing audit planning activities and issuing plans for 22/23 audits has been a challenge for auditors across the Local Government sector following on from prior year audit backlogs resulting in resourcing issues which have led to audit planning taking place later in the year and audit plans being issued later – these challenges have been reported in in previous Sector Updates to the Committee. This plan will enable the External Audit of the 2022/23 financial statements to commence in July as planned. Further information is included in the report on planned timelines.

Note: Reasons for urgency

The special circumstances for non-compliance with Council Procedure Rule 3, Access to Information Procedure Rule 5 and Section 100B(4) of the Local Government Act 1972 (as amended), (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) were that the Audit Plan for the External Audit of the financial statements must be communicated to Those Charged with Governance in order to enable the audit to commence in July 2023.

For general release

1. Purpose of the report and policy context

External Audit Plan 2022/23

- 1.1 Grant Thornton's audit plan sets out an overview of the planning scope and timing of the council's statutory external audit for the financial year ending 31 March 2023. The audit plan ("Brighton and Hove City Council audit plan Year ending 31 March 2023") is attached at **Appendix 1**. The audit plan sets out, for example, the significant risks identified ahead of the main audit work (page 7-11), levels of materiality for the financial statements (page 14-15) and the proposed audit fees for 2022/23 (page 22).

- 1.2 The external auditors are responsible for forming and expressing an opinion on the council's financial statements and for considering whether there are sufficient arrangements in place at the council for securing economy, efficiency and effectiveness in its use of resources (Value for Money arrangements).

Informing the Audit Risk Assessment 2022/23

- 1.3 Informing the audit risk assessment is an external audit related review (introduced by Grant Thornton last year as part of the 2022/23 audit in response to revised financial reporting standards) which is completed by the council's management ahead of the main audit. The completed document ("Informing the audit risk assessment for Brighton and Hove City Council 2022/23") is attached at **Appendix 2**.
- 1.4 As set out on page 4, the purpose of the document is "*to contribute towards the effective two-way communication between Brighton and Hove City Council's external auditors and Brighton and Hove City Council's Audit Committee*". The report sets out audit queries and the management responses covering general enquires of management, fraud, laws and regulations, related parties, going concern and accounting estimates.

2. Recommendations

- 2.1 That the Audit & Standards Committee considers the documents and notifies the external auditors if there are any additional matters that it considers may also impact on the planned audit work and context for the financial year ending 31 March 2023.
- 2.2 That Committee notes both the external audit plan and informing the audit risk assessment for 2022/23.

3. Context and background information

- 3.1 This is set out in summary section 1 of this report and in detail in Appendices 1 and 2. External audit is a statutory requirement for local authorities.

4. Analysis and consideration of alternative options

- 4.1 Not applicable.

5. Community engagement and consultation

- 5.1 Not applicable.

6. Conclusion

- 6.1 This report and appendices are for noting unless the Audit & Standards Committee has additional issues to raise (as set out under section 2 Recommendations).

7. Financial implications

- 7.1 The proposed audit fee (subject to review and approval by the Public Sector Audit Appointments, PSAA) is £189,539 (substantially unchanged from 2021/22 as set out on page 22 of Appendix 1). This will be funded from within existing revenue budgets.

Name of finance officer consulted: James Hengeveld Date consulted: 21/06/2023

8. Legal implications

- 8.1 The Accounts and Audit Regulation 2015 (as amended) made under the Local Audit and Accountability Act 2014 states that the council's statement of accounts must be approved by members. The council's Constitution delegates responsibility for that function to the Audit & Standards Committee. Review of these documents forms part of that responsibility.

Name of lawyer consulted: Liz Culbert

Date consulted: 21/06/2023

9. Equalities implications

- 9.1 There are none identified.

10. Sustainability implications

- 10.1 There are none identified.

11. Other Implications

- 11.1 There are none identified.

Supporting Documentation

1. Appendices

1. Brighton and Hove City Council audit plan Year ending 31 March 2023
2. Informing the audit risk assessment for Brighton and Hove City Council 2022/23

