

AUDIT & ACCOUNTS COMMITTEE
2 FEBRUARY 2022

EXTERNAL AUDITOR'S ANNUAL AUDIT LETTER 2020/21

1.0 Purpose of Report

- 1.1 To present the External Auditor's Annual Audit Report for 2020/21 for Newark & Sherwood District Council.
- 1.2 The Annual Audit Report summarises the key findings from the external audit work carried out by Mazars in 2020/21. It covers the 2020/21 Statement of Accounts and the Value for Money commentary for the same year.

2.0 Background Information

- 2.1 The document attached at Appendix A is the Auditor's Annual Report for 2020/21 which summarises the work that has been undertaken by the auditors for the year ended 31st March 2021.
- 2.2 It has three sections concentrating on:
 - The audit of the financial statements
 - Commentary on the Value For Money (VFM) Arrangements
 - Other reporting responsibilities and fees
- 2.3 The Supplemental Letter to the Audit Completion Report, elsewhere on this agenda, gave details surrounding the audit of the financial statements which is also captured in section 2 of the attached appendix.
- 2.4 The VFM commentary detailed at section 3 considers whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work they are required to carry out and sets out the reporting criteria that they are required to consider. The three reporting criteria that must be considered are:
 - **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services.
 - **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks.
 - **Improving economy, efficiency and effectiveness** - how the Council uses information about its costs and performance to improve the way it manages and delivers its services.
- 2.5 The section describes that no significant weaknesses have been identified across any of these areas.

3.0 Financial Implications (FIN21-22/6077)

- 3.1 The original fee proposed for the delivery of the audit for the 2020/21 financial year was £37,213.
- 3.2 As suggested within the report, the final proposed fee is £58,280 due to the additional work pressures around the change in the Council's group boundary, the additional testing on PPE, the implementation of new auditing standards and additional work arising from the change in the Code of Audit Practice. This amounts to an increase of £21,067 against the original scale fee. This is the proposed fee and will need to be approved by the Council.
- 3.3 The additional fee has been factored into the latest budget monitoring forecast outturn position as presented to Policy and Finance Committee on 27th January 2022.

4.0 RECOMMENDATIONS that:-

- 4.1 **The Committee consider the External Auditor's Annual Audit Letter for 2020/21.**

Background Papers

External Auditor's Annual Governance Report 2020/21
N&SDC 2020/21 Opinion and Value for Money Commentary

For further information please contact David Hoose, Partner Mazars on 0115 9644744.

Nick Wilson
Business Manager – Financial Services