

**SUBJECT: EXTERNAL AUDIT – AUDIT STRATEGY MEMORANDUM
2019/20**

DIRECTORATE: CHIEF EXECUTIVE & TOWN CLERK

REPORT AUTHOR: JACLYN GIBSON, CHIEF FINANCE OFFICER

1. Purpose of Report

- 1.1 To receive and comment upon the External Audit – Audit Strategy Memorandum for 2019/20.

2. Background

- 2.1 The External Audit – Audit Strategy Memorandum describes the External Auditor’s (Mazars LLP) approach in delivering the financial statements audit work for City of Lincoln Council along with their approach to value for money (VFM) work for 2019/20. The document also highlights significant audit risks and areas of key judgement as well as providing details of the audit team. The Council’s external auditor will be in attendance at the meeting to take the Committee through the reports.

3. Strategic Priorities

3.1 High Performing Services

There are no direct implications for the Council’s strategic priorities. The external audit of the Council’s financial statements is a statutory requirement and as such contributes towards the fitness for purpose of the Council’s governance arrangements.

4. Organisational Impacts

4.1 Finance (including whole life costs where applicable)

The Audit fee is included within section 6 of the Audit Strategy Memorandum (Appendix A to this report). The fee includes work on the VFM conclusion and the audit of the financial statements. The Audit Fee of £36,332 is in accordance with the scales fees set by the PSAA. Separate agreement will be reached with Mazars regarding the additional fee in relation to the EU PIE classification and additional work required in response to regulatory recommendations.

A separate procurement process has been undertaken in order to engage Mazars in relation to the Housing Benefits Subsidy Return 2019/20 at a fee of £6,600 (subject to inflation). A further process will be undertaken for the Housing Pooling Return 2019/20.

4.2 Legal Implications including Procurement Rules

There are no direct legal implications. The External Auditor is required to satisfy themselves that the Council's accounts comply with statutory requirements and that proper practices have been observed in compiling them.

5. Risk Implications

5.1 There are no specific risk implications arising as a direct result of this report. The Audit Strategy Memorandum sets out the key risks, as identified by the External Auditor, relevant to the audit of the financial statements.

6. Recommendation

6.1 Members should note and comment on the External Audit – Audit Strategy Memorandum 2019/20.

Is this a key decision? No

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? One

List of Background Papers: None

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