

South Northamptonshire Council

Annual Audit Letter for the year
ended 31 March 2020

22 April 2021

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing downwards towards the letters.

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Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk).

This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities / Terms and Conditions of Engagement. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



Section 1

Executive Summary

Executive Summary

We are required to issue an annual audit letter to South Northamptonshire Council (the Council) following completion of our audit procedures for the year ended 31 March 2020. Covid-19 had an impact on a number of aspects of our 2019/20 audit. We set out these key impacts below.

Area of impact	Commentary
Impact on the delivery of the audit	
▶ Changes to reporting timescales	As a result of Covid-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, have been published and came into force on 30 April 2020. This announced a change to publication date for final, audited accounts from 31 July to 30 November 2020 for all relevant authorities.
Impact on our risk assessment	
▶ Valuation of Property Plant and Equipment	The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Council's external valuer. We consider that the material uncertainties disclosed by the valuer gave rise to an additional risk relating to disclosures on the valuation of property, plant and equipment.
▶ Disclosures on Going Concern	Financial plans for 2020/21 and medium term financial plans will need revision for Covid-19. We considered the unpredictability of the current environment gave rise to a risk that the Council would not appropriately disclose the key factors relating to going concern, underpinned by managements assessment with particular reference to Covid-19 and the Council's actual year end financial position and performance.
▶ Events after the balance sheet date	We identified an increased risk that further events after the balance sheet date concerning the current Covid-19 pandemic will need to be disclosed. The amount of detail required in the disclosure needed to reflect the specific circumstances of the Council.
Impact on the scope of our audit	
▶ Information Produced by the Entity (IPE)	We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Council's systems. We undertook the following to address this risk: <ul style="list-style-type: none">▶ Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and▶ Agreed IPE to scanned documents or other system screenshots.
▶ Consultation requirements	Additional EY consultation requirements concerning the impact on auditor reports. The changes to audit risks, audit approach and auditor reporting requirements changed the level of work we needed to perform.

Executive Summary (cont'd)

The tables below set out the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's:	
▶ Financial statements	Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2020 and of its expenditure and income for the year then ended.
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Statement of Accounts.
▶ Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that the Council have put in place proper arrangements to secure value for money in its use of resources.

Area of Work	Conclusion
Reports by exception:	
▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Executive Summary (cont'd)

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	We had no matters to report.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 24 March 2021 and presented to the Audit Committee on 30 March 2021.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 31 March 2021.

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

Maria Grindley
Associate Partner
For and on behalf of Ernst & Young LLP

Section 2

Purpose and Responsibilities



Purpose

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2019/20 Audit Results Report to the Audit Committee on 30 March 2021 , representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

Responsibilities

Responsibilities of the Appointed Auditor

Our 2019/20 audit work was undertaken in accordance with the Audit Plan that we issued on 18 May 2020 and the subsequent scope updates communicated through the draft audit results report we issued on 09 September 2020. Our audit was conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditors, we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2019/20 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Council is below the specified audit threshold of £500mn. Therefore, we did not perform any additional audit procedures on the return.

Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Section 3

Financial Statement Audit



Financial Statement Audit

Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office and issued an unqualified audit report on 31 March 2021.

Our detailed findings were reported to the 30 March 2020 Audit Committee.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p>Inappropriate capitalisation of revenue expenditure due to fraud or error</p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>From our risk assessment, we have assessed that the risk manifest itself solely through the inappropriate capitalisation of revenue expenditure to improve the financial position of the general fund.</p> <p>Misstatements that occur in relation to the risk of fraud in revenue and expenditure recognition could affect the income and expenditure accounts, so we focused on the judgement applied to these classifications.</p> <p>We focused our substantive testing on the risk of incorrectly classifying revenue expenditure as capital additions, this would decrease the net expenditure from the general fund, and increase the value of non-current assets.</p>	<p>We:</p> <ul style="list-style-type: none">• Examined invoices for significant additions, capital expenditure authorisations, leases and other data that support these additions. We reviewed the sample selected against the definition of capital expenditure in IAS16.• Extended our testing of items capitalised in the year by lowering our testing threshold.• Reviewed a larger random sample of capital additions below our testing threshold.• Tested REFCUS to ensure that it is appropriate for the revenue expenditure incurred to be financed from ring fenced capital resources.• Identified and reviewed the basis for significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year. <p>Based on the procedures we performed, we have reached the following conclusions:</p> <ul style="list-style-type: none">• We did not identify any evidence of material management override.• We did not identify any instances of inappropriate judgements being applied or other management bias both in relation to accounting estimates and other balances and transactions.• We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Significant Risk	Conclusion
<p>Valuation of Property, Plant and Equipment (“PPE”) and Investment Property (“IP”)</p> <p>The value of PPE at £23.924 million and Investment Properties IP at £1.459 million, at 31 March 2020, represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges.</p> <p>Management is required to make material judgements on inputs and apply estimation techniques to calculate the year-end balances in the balance sheet. These judgments cover both assets that are revalued within the year and, the continuing material accuracy of those valued in prior periods.</p> <p>The Council engaged an external expert valuer who applied a number of complex assumptions to these assets. As the Council's asset base is significant, and the outputs from the valuer are subject to estimation and there is a risk fixed assets may be materially misstated. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p> <p>Following Covid-19, The Royal Institute of Chartered Surveyors (RICS), has issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty.</p>	<p>We focused on the valuation assertion of large assets. This is because valuing such assets is difficult and requires a substantial amount of experience and knowledge and relies upon judgement and estimation. Due to it being a highly judgmental area of the accounts and the high value of the items, we engaged valuation specialists to assist us with evaluating the adequacy of methodologies and assumptions employed by the management and it's specialists.</p> <p>We, using our EY Real Estate specialists:</p> <ul style="list-style-type: none"> • Considered the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work. • Sample tested key asset information used by the valuers in performing their valuation and challenged the key assumptions used by the valuer. • Considered the annual cycle of valuations to ensure assets have been valued within a 5 year rolling programme as required by the CIPFA Code of Practice for PPE and annually for IP. • Reviewed assets not subject to valuation in 2019/20 to confirm that the remaining asset base is not materially misstated. • Considered changes to useful economic lives as a result of the most recent valuation. • Confirmed that accounting entries have been correctly processed in the financial statements. <p>During our audit procedures, we identified two difference in the PPE valuation:</p> <ul style="list-style-type: none"> • The value of Brackley Leisure Centre was recorded at £7.24 million in the draft accounts. However, the valuers did not take account of the 2018 extension to the leisure centre and have now revalued it at £13.49 million. • Tove Depot was also revalued on a Depreciated Replacement Costs basis as we believe that this is a more appropriate valuation methodology. There was a minimal increase in value of £7,466. <p>Other than the above finding, we concluded that the valuation of PPE and IP is material correct as of 31 March 2020.</p>

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Inherent Risk	Conclusion
<p>Going Concern Disclosure</p> <p>This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after.</p> <p>The revised standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, which for the Council will be the audit of the 2020/21 financial statements. The revised standard increases the work we are required to perform when assessing whether the Council is a going concern. It means UK auditors will follow significantly stronger requirements than those required by current international standards; and we have therefore judged it appropriate to bring this to the attention of the Audit Committee.</p> <p>The CIPFA Guidance Notes for Practitioners 2019/20 accounts states:</p> <p><i>'The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.'</i></p> <p><i>'If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis.'</i></p>	<p>We have:</p> <ul style="list-style-type: none">▶ Discussed the detailed implications of the new standard with finance staff during 2019/20 ahead of its application for 2020/21; and▶ Continued to assess the adequacy of disclosures required in 2019/20, and the impact on our opinion, should these be inadequate.▶ Obtained managements going concern assessment and review for any evidence of bias and consistency with the accounts;▶ Reviewed the financial modelling and forecasts prepared by the Council. This will consider key assumptions, stress testing applied to those assumptions and consider the risk to cashflow up to the date of 12 months after the signing date of the accounts and opinion;▶ Ensured that an appropriate going concern disclosure has been made within the financial statements;▶ Reviewed the Council's approach to identifying and disclosing events after the balance sheet date; and▶ Considered the impact on our audit report and comply with EY consultation requirements. <p>Based on the procedures performed we are content that the Council will have a positive cash balance at least 12 months from the date the audit opinion is signed. In addition, we are also content that the assumptions used by management as part of their going concern assessment are prudent and realistic.</p> <p>However, we identified some improvement points in the going concern and Covid-19 disclosures included in the draft financial statements. Management have amended the financial statements to take into account the improvement points noted, as well as to disclose the upcoming organisational change and how this ties into going concern.</p>

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Other Key Findings

Going Concern Disclosure (cont'd)

Conclusion

The functions and services of South Northamptonshire Council are due to be transferred to West Northamptonshire Council on 1 April 2021. We have considered this as part of our going concern assessment, and no issues were identified as a result of this. We have also ensured that the organisational change has been sufficiently disclosed in Note 6 and Note 7 in the financial statements.

We have included an emphasis of matter disclosure in our audit opinion, to draw attention to Note 6 and Note 7 in the financial statements, which discloses the local government reorganisation in Northamptonshire. As stated in this disclosure, a new council called West Northamptonshire Council will replace the Authority in April 2021. The Authority's assets, liabilities, services and functions transferred to the new West Northamptonshire Council on 1 April 2021. Our opinion is not modified in respect of this matter.

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Other Areas of Audit Focus	Conclusion
<p>Pension Liability Valuation</p> <p>The Local Council Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Northamptonshire County Council.</p> <p>The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2020 this totalled £31.155 million.</p> <p>The information disclosed is based on the IAS 19 report issued to the Council by the designated actuary.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>We have performed the following procedures to address this risk:</p> <ul style="list-style-type: none">▶ Liaised with the audit team of Northamptonshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Council.▶ Assessed the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they have used, by relying on the work of PwC, the consulting actuaries commissioned by the PSAA for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team.▶ Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to the pension disclosures. <p>As highlighted above, the auditor of Northamptonshire Pension Fund provides assurances to the South Northamptonshire Council audit team regarding the information that is supplied to the actuary (Hyman Robertson) to allow them to complete their year end pension valuation. The assurances received from the Pension Fund auditor highlighted a difference between the total fund asset values at 31 March 2020, that were used by the actuary, and the value that they tested as part of their year end audit. The estimated impact of this difference on South Northamptonshire Council's financial statements is that the pension liability is understated by £0.1m. Although this is material, management agreed to amend the financial statements for this.</p>

Financial Statement Audit (cont'd)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £766k (2018/19: £785k), which is 2% of gross expenditure on provision of services.</p> <p>We consider gross expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.</p>
Reporting threshold	<p>We communicated to the Audit Committee that we would report to the Committee all audit differences in excess of £38k (2018/19: £39k).</p>

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Remuneration disclosures including any severance payments, exit packages and termination benefits: we agreed all disclosures back to source data and approved amounts.
- ▶ Related party transactions: we tested the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

Section 4

Value for Money



Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

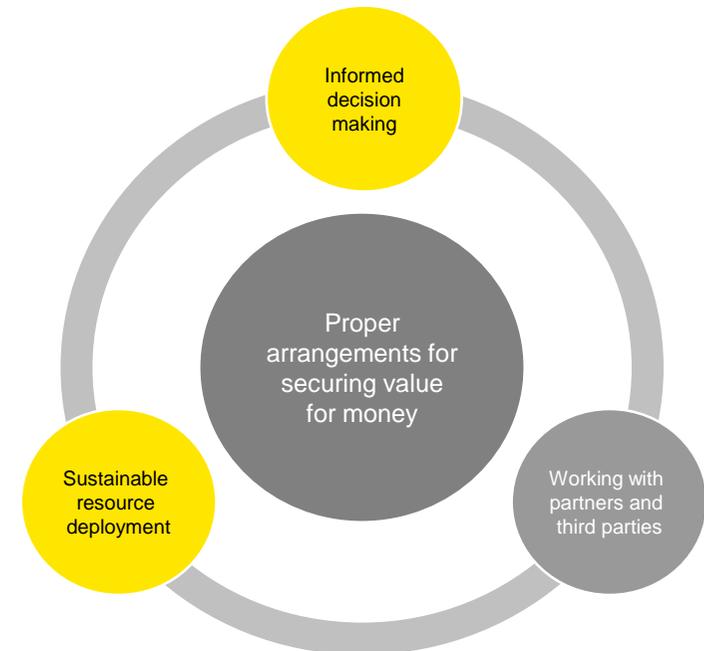
Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of Covid-19. This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider Local Authorities' response to Covid-19 only as far as it relates to the 2019/20 financial year; only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019/20 VFM arrangements conclusion.

At the time of planning, we identified no significant risks relevant to our value for money conclusion. However, with the advent of unitary status in Northamptonshire, we kept a watching brief on the Council's preparations for unitary status from 1 April 2021.

We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Council's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people, , however we note that the planned governance structure has been delayed as key officers are responding to COVID-19. Interim arrangements have been put in place.



A photograph of a business meeting in progress. Several people are gathered around a large wooden conference table, looking at documents. A woman with blonde hair is leaning forward, resting her chin on her hand, appearing thoughtful. A man in a blue shirt and red tie is standing in the background. The scene is brightly lit, suggesting a modern office environment.

Section 5

Other Reporting Issues

Other Reporting Issues

Whole of Government Accounts

We are required to perform the procedures specified by the National Audit Office on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes.

The Council is below the specified audit threshold of £500m. Therefore, we were not required to perform any additional audit procedures on the consolidation pack.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Other Reporting Issues (cont'd)

Objections Received

We did not receive any objections to the 2019/20 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Audit Committee on 30 March 2021. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive audit approach and have therefore not tested the operation of controls.

Our audit did not identify any controls issues to bring to the attention of the Audit Committee.

Section 6

Focused on your future



Focused on your future

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Council is summarised in the table below.

Standard	Issue	Impact
IFRS 16 Leases	<p>It was proposed that IFRS 16 (Leases) would be applicable for local authority accounts from the 2021/22 financial year, deferred a year due to the impact of Covid-19.</p> <p>However in response to the ongoing pandemic and its pressures on council finance teams, CIPFA announced that the implementation will be deferred until the 2022-23 financial year. CIPFA has indicated that the deferral is limited to one year only and that there is no intention to grant any further extensions based on a lack of preparedness.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p>	<p>There are transitional arrangements within the standard and It is assumed this will be reflected in the 2021/22 Accounting Code of Practice for Local Authorities when published.</p> <p>CIPFA have issued some limited provisional information which begins to clarify what the impact on local authority accounting will be. Whether any accounting statutory overrides will be introduced to mitigate any impact remains an outstanding issue.</p> <p>However, what is clear is that the Council will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. The Council must therefore ensure that all lease arrangements are fully documented.</p>

Audit Fees

Our base fee for 2019/20 is in line with the scale fee set by PSAA / as agreed in our Engagement Letter and reported in our 24 March 2021 Audit Results Report.

Description	Final Fee 2019/20 £	Scale Fee 2019/20 £	Final Fee 2018/19 £
Total Audit Fee - Code work (NB scale fee = planned fee for 2019/20)	32,812	32,812	32,812
Changes in work required to address professional and regulatory requirements and scope associated with risk (Note 1)	37,877		
Revised Proposed Scale Fee			
Additional specific one-off work required for Covid-19 considerations (see Note 2)	13,728		
Additional work required for significant risk on PPE valuation (see Note 3)	4,965		
Total Audit Fee	89,382		
Non Audit Services - Housing Benefit Subsidy Claim Certification (See Note 4)	35,190		17,000

Note 1

For 2019/20 the scale fee has been re-assessed to take into account a number of risk factors as outlined below:

- Procedures performed to address the risk profile of the Council - £9,538
- Additional work to address increase in Regulatory standards - £25,727
- Client readiness and IT support for Data Analytics - £2,612

This additional fee has not been agreed but has been highlighted to Management and is subject to review and approval by the PSAA Ltd.

Note 2

We have quantified the additional work we have undertaken during 2019/20 as a result of Covid19, outlined below:

- Additional going concern considerations, including consultation processes - £7,495
- Reassessment of materiality and risks - £1,634
- Additional costs due to remote working - £2,875
- Impact on value for money conclusion - £1,724

The additional fee has been agreed with the assistant DoF and s1511 officer. We will be seeking PSAA approval.

Note 3

We have quantified the additional work completed during 2019/20 we have undertaken for significant risk on PPE valuation. The additional fee has been agreed with Section 151 Officer. We will be seeking PSAA approval.

Note 4

The fee for HB Subsidy is dependent on the extent of additional 40 plus testing workbooks required. Our fee includes a base fee of £4,590 plus £3,060 for each 40 plus workbook required, of which there were 10.

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