



Havering
LONDON BOROUGH

AUDIT COMMITTEE

25 July 2024

Subject Heading:	External Audit Plan 2023/24
SLT Lead:	Kathy Freeman, Strategic Director of Resources
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Policy context:	Audit Committee to consider the External Audit Plans for the London Borough of Havering and for the Pension Fund.
Financial summary:	The cost of the audit is contained in the audit plans.

The subject matter of this report deals with the following Council Objectives

People - Things that matter for residents
Place - A great place to live, work and enjoy
Resources - A well run Council that delivers for People and Place - X

SUMMARY

The Council's external auditor, Ernst and Young (EY), is presenting its 2023/24 audit plans for both the Council and the Pension Fund to the Committee.

RECOMMENDATIONS

The Committee is asked to:

1. Note the contents of the audit plans (Appendices A and B), in particular the significant risks, materiality and reporting levels.

2. Note the scale fees for the external audit of £421,745 and £85,945 for the Council and Pension Fund respectively, for the year ending 31 March 2024.

REPORT DETAIL

1. Introduction

Each year the council's external auditor presents their audit plan for the financial accounts to the Audit Committee.

The audit plan outlines the scope of the audit, any significant risks inherent in the audit, materiality and value for money arrangements.

2. Background

At its meeting on Wednesday 22 March 2022 the Council approved the decision of Audit Committee to procure an external audit contract through Public Sector Audit Appointments Ltd (PSAA) for both the London Borough of Havering and the Havering Pension Fund. At the time it was anticipated that audit scale fees for 2023/24 would likely increase by 150% compared to the previous year.

Under the Local Audit (Appointing Person) Regulations, the 2023/24 fee scale must be published before 1 December 2023. Following a period of consultation, the PSAA published the scale fees for 2023/24 for each audited body in November 2023.

The scale fees for 2023/24 accounts are:

- LB Havering Council £421,745
- Pension Fund £ 85,945

Any subsequent changes that may affect audit fees, such as in national requirements or local circumstances, will be the subject of fee variations.

IMPLICATIONS AND RISKS

Financial implications and risks:

Public Sector Audit Appointments Ltd (PSAA) appoints auditors for a 5-year period. This contract was retendered for 2023/24 and Ernst and Young has been reappointed as the Council's auditors up to 2027/28. The PSAA sets and publishes the scale fee for each individual audited body.

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The scale fees for the 2023/24 audit will be £421,745 (prior year £157,827) for the Council and £85, 945 (prior year £24,795) for the Pension Fund, subject to the Council and Pension Fund delivering a good set of financial statements and working papers.

If the auditor considers that additional work is required that is not provided for in the scale fee, the regulations allow for a fee variation proposal to be submitted to PSAA.

Legal implications and risks:

There are no legal implications arising from this report.

Human Resources implications and risks:

There are no direct Human Resources implications in this report.

Equalities implications and risks:

There are no direct equalities implications in this report.

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

Climate Change implications and risks:

None arising directly from this report.

Appendices:

Appendix A – London Borough of Havering Audit Plan, Year ended 31 March 2024

Appendix B – Havering Pension Fund Audit Plan, Year ended 31 March 2024