

## Audit, Standards and Risk Committee

**Wednesday, 13 December 2023**

### External Audit 2021/22 Update

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<b>Is the paper exempt from the press and public?</b>	No
<b>Reason why exempt:</b>	Not applicable
<b>Purpose of this report:</b>	Governance
<b>Is this a Key Decision?</b>	No
<b>Has it been included on the Forward Plan of Key Decisions?</b>	Not a Key Decision

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#### **Director Approving Submission of the Report:**

Gareth Sutton, Director of Resources & Investment/s73 Officer

#### **Report Author(s):**

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#### **Executive Summary**

Attached are the following appendices:

- The 2021/22 Annual Audit Letter for SYPTE;
- The 2021/22 Annual Audit Letter for SYMCA

Members will recall at the previous meeting that our external auditors, Ernst Young (EY), indicated that they would be giving an unqualified opinion on the 2021/22 Statement of Accounts of both SYMCA and SYPTE.

Following formal adoption by the MCA Board on 14 November 2023, EY issued unqualified opinions on both sets of accounts on 15 November 2023 and the audited Statement of Accounts have both now been published on the MCA website to make them publicly available.

The final stage in the audit process is for the external auditors to issue their Annual Audit Letter and to certify that their audit is concluded.

The 2021/22 Annual Audit Letters for both SYMCA and SYPTE are attached. They affirm that an unqualified opinion has been given in respect of both sets of accounts, and, that there are no matters to be reported with regard to the value for money arrangements of either entity or on any other matter that, by exception, external audit are required to report on.

It is therefore a positive outcome.

SYPTE's audit can now be concluded and the certificate issued. SYMCA's audit cannot be concluded at this stage pending confirmation from the NAO on whether or not they wish to sample SYMCA for additional Whole of Government Accounts procedures.

Finally, Members attention is drawn to the proposed increase in audit fees set out in Appendix B of both Annual Audit Letters. The proposed final fee for SYMCA's 2021/22 audit is £65k compared to an original fee of £29.4k. The proposed final fee for SYPTE's 2021/22 audit is £69k compared to an original fee of £27.6k. EY have submitted fee variations to PSAA requesting the fee increase but, as acknowledged in the Annual Audit Letter, these have not been agreed with management.

### **What does this mean for businesses, people and places in South Yorkshire?**

The Accounts and Audit inspection process is a central part of the Authority's governance and scrutiny arrangements.

### **Recommendations**

Members are asked to consider the findings set out in 2021/22 Annual Audit Letters.

### **Consideration by any other Board, Committee, Assurance or Advisory Panel** N/A

#### **1. Background**

- 1.1 At the end of the audit process, the external auditor issues an Annual Audit Letter which summarises the outcomes of their audit across all their areas of responsibility.
- 1.2 EY have now issued their Annual Audit Letters for their 2021/22 audits of both SYMCA and SYPTE.

#### **2. Key Issues**

- 2.1 Attached are the following appendices:
  - The 2021/22 Annual Audit Letter for SYPTE
  - The 2021/22 Annual Audit Letter for SYMCA
- 2.2 The Annual Audit Letters affirm in both cases that an unqualified opinion has been given on the 2021/22 Statement of Accounts following formal adoption of both sets of accounts by the MCA Board on 14 November 2023. The audited Statement of Accounts have both now been published on the MCA website to make them publicly available.

- 2.3 The Annual Audit Letters also provide a commentary on the value for money arrangements in place in both entities and to provide a conclusion as to whether there are proper arrangements in place to secure economy, efficiency, and effectiveness in the use of resources. The conclusion reached in both cases is that no significant risks or weaknesses have been identified in either entity's arrangements and that there are therefore no matters to be reported.
- 2.4 Finally, the external auditor is required to report, by exception, on any inconsistencies in the annual governance statement, or, whether there is a need to issue a public interest report or to exercise any other auditors' powers. There are no matters to be reported in this regard for either entity.
- 2.5 This is a positive outcome in line with the expectation outlined at the previous Committee meeting.
- 2.6 As a final step, the external auditors issue a certificate to confirm that their audit has concluded. EY are able to issue their audit certificate in relation to SYPTE's 2021/22 audit, but, are unable to do so for SYMCA's 2021/22 audit at this stage, pending confirmation from the NAO on whether or not they wish to sample SYMCA for additional Whole of Government Accounts procedures.
- 2.7 Members attention is drawn to Appendix B of both Annual Audit Letters which sets out EY's proposed final fee for the 2021/22 audit. In the case of SYMCA, the final proposed audit fee is £65k which compares to an original fee of £29.4k. The proposed final fee for SYPTE is £69k which compares to an original fee of £27.6k. EY have submitted fee variations to PSAA requesting the fee increase but, as acknowledged in the Annual Audit Letter, these have yet to be agreed with management.

### **3. Consultation on Proposal**

- 3.1 Not applicable

### **4. Timetable and Accountability for Implementing this Decision**

- 4.1 Not applicable

### **5. Financial and Procurement Implications and Advice**

- 5.1 The proposed final fee for SYMCA and SYPTE combined represent a £77k increase against the original combined fee of £57k. We have yet to receive any correspondence from PSAA on this matter.

### **6. Legal Implications and Advice**

- 6.1 The delays to the completion of the audit of the 2021/22 accounts has meant that the MCA has been unable to comply with the publication requirements of the Accounts and Audit Regulations 2015.

### **7. Human Resources Implications and Advice**

- 7.1 There are no human resources implications as a result of this report.

### **8. Equality and Diversity Implications and Advice**

8.1 There are no equality and diversity implications as a result of this report.

**9. Climate Change Implications and Advice**

9.1 There are no climate change implications as a result of this report.

**10. Information and Communication Technology Implications and Advice**

10.1 There are no ICT implications as a result of this report.

**11. Communications and Marketing Implications and Advice**

11.1 There are no communications or marketing implications as result of this report.

**List of Appendices Included:**

- A 2021/22 Annual Audit Letter for SYPTE
- B 2021/22 Annual Audit Letter for SYMCA

**Background Papers**

None