

6. EXTERNAL AUDIT: 2014/15 AUDIT PLAN (A1362/ RMM)

Purpose of the report and key issues

1. This report asks Members to consider the 2014/15 External Audit Plan from our external auditors, KPMG. Cathie Clarke, Assistant Manager of KPMG will be at Committee to present the Plan and to answer any questions.

Key Issues:

- The external auditor presents the plan for auditing the financial statements and annual governance statement at this time every year
- The plan for auditing the 2014/15 year is given at Appendix 1
- Achieving unqualified opinions from the external auditor is a corporate performance indicator

Recommendations

2.
 1. **That the 2014/15 External Audit Plan be considered and noted**

How does this contribute to our policies and legal obligations?

3. The work of the external auditors is a key part of our governance arrangements and helps us to monitor and improve performance against our corporate objective 11 'be a well run public body with proportionate and effective ways of working, delivering excellent customer service and living our values'. Achieving unqualified opinions from the external auditor is a corporate performance indicator.

Background

4. The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998, the Local Government Act 1999, and the Code of Audit Practice issued by the Audit Commission. Considering the external auditor's audit plan is part of the normal Audit, Resources and Performance Committee work programme.

Proposals

5. The External Audit Plan for 2014/15 is given at Appendix 1. The plan is based on a risk based approach to audit planning and outlines the work proposed by the external auditor for the audit of financial statements and the value for money conclusion for 2014/15.
6. In accordance with the risk based approach the auditor has highlighted the following as key audit risks (see page 10 and 11 of Appendix 1):
 - a) Risks to the audit of the Authority's financial statements for 2014/15:
 - Fixed Asset Register – the auditors will review what work has been carried out in 2014-15 to rectify the issues identified previously. They will test the accuracy of the Fixed Asset Register and the transposition of the figures into the accounts. They will review the work done to correct the gross book value and accumulated depreciation figures within the financial statements.
 - b) Risks related to Value for Money (VFM) audit work
 - Savings plans - the auditors will critically assess the controls the Authority has in place to ensure a sound financial standing, specifically that its medium term

financial plan has duly take into consideration the financial pressures and that it is sufficiently robust to ensure that the Authority can continue to provide services effectively

7. The planned outputs of the external auditor's work include:
- a) The annual governance report to committee – September 2015
 - b) An opinion on the Authority's accounts (including the Annual Governance Statement) - September 2015
 - c) A VFM conclusion – September 2015
 - d) An assurance statement on the Authority's WGA (whole of Government Accounts) pack submission – September 2015
 - e) The Annual Audit letter – November 2015

Are there any corporate implications members should be concerned about?

8. **Financial:** The fees for external audit of £13,259 are funded from the existing Finance Services budget.
9. **Risk Management:**
The scrutiny and advice provided by external audit is part of our governance framework. The auditor's work is based on an assessment of audit risk as explained in Appendix 1.
10. **Sustainability:**
There are no issues to highlight.
11. **Background papers** (not previously published) – None

Appendices-

Appendix 1: External Audit Plan 2014/15

Report Author, Job Title and Publication Date

Ruth Marchington, Director of Corporate Resources, 12 March 2015