

<b>AUDIT COMMITTEE</b>	AGENDA ITEM No. 4
<b>12 FEBRUARY 2018</b>	<b>PUBLIC REPORT</b>

Report of:	Marion Kelly - Interim Corporate Director of Resources	
Cabinet Member(s) responsible:	Cllr Seaton - Resources	
Contact Officer(s):	Peter Carpenter - Service Director - Financial Services	Tel. 384564

**ERNST & YOUNG LLP AUDIT PLAN FOR THE YEAR ENDED 31 MARCH 2018**

R E C O M M E N D A T I O N S	
<b>FROM:</b> Marion Kelly - Interim Corporate Director of Resources	<b>Deadline date:</b> 12 February 2018
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> <li>1. Note the key risks set out by Ernst Young LLP in their report and their audit approach to meet those risks.</li> <li>2. Identifies to Ernst Young LLP any other matters the Audit Committee considers will influence the audit.</li> <li>3. Notes that the Public Sector Audit Appointments scale fee will apply unless additional work is required as set out on page 33 of the report.</li> </ol>	

**1. ORIGIN OF REPORT**

1.1 This report is submitted to Audit Committee following a referral from the S151 Finance Officer.

**2. PURPOSE AND REASON FOR REPORT**

2.1 The purpose of this report is to involve the Audit Committee in determining the audit approach and to identify any additional issues it considers relevant to the audit

2.2 This report is for Audit Committee to consider under its Terms of Reference No. 2.2.1.5

*To consider the external auditors annual letter, relevant reports and the report to those charged with governance.*

and Terms of Reference No. 2.2.1.7

*To comment on the scope and depth of external audit work and to ensure it gives value for money*

**3. TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	n/a
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**4. BACKGROUND AND KEY ISSUES**

4.1 The Overview of the Strategy (page 4 onwards) shows few changes in risk perceived by EY except the faster closing timetable that applies for 2017/18 accounts. In response to this the Council's Finance Team has already improved its closing process considerably for 2016/17 accounts. The Finance Team is confident the faster timetable can be achieved, as 2016/17 accounts were effectively prepared to the faster timetable.

4.2 The Strategy also sets out the proposed materiality levels applied by EY including the level of uncorrected misstatements that will be reported (page 6). Finance Officers do not have any disagreement with these levels.

4.3 Management override and recognition are standard significant risks in all EY audits and therefore red rated in the risk chart. Faster closing is red rated in the earlier table as its risk has increased since 2016/17 accounts. It is still not regarded as a significant risk at Peterborough.

## **5. CONSULTATION**

5.1 The plan has been discussed and agreed with the s151 officer.

## **6. ANTICIPATED OUTCOMES OR IMPACT**

6.1 To note the EY 2017/18 Plan and comment on any issues the Committee considers relevant.

## **7. REASON FOR THE RECOMMENDATION**

7.1 To work with EY in shaping the 2017/18 audit.

## **8. ALTERNATIVE OPTIONS CONSIDERED**

8.1 It is a requirement of the Audit Code to agree the plan but the Committee may influence the content of the plan.

## **9. IMPLICATIONS**

### **Financial Implications**

9.1 The cost of audit is already budgeted, but not any additional fee.

### **Legal Implications**

9.2 None.

### **Equalities Implications**

9.3 None.

## **10. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 The Accounts and Audit Regulations 2015  
The Local Audit and Accountability Act 2014  
The National Audit Office's 2015 Code of Audit Practice  
The Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd

## **11. APPENDICES**

11.1 App A - 2017/18 Audit Plan