

<b>AUDIT COMMITTEE</b>	AGENDA ITEM No. 6
<b>26 MARCH 2012</b>	<b>PUBLIC REPORT</b>

Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Resources	
Committee Member(s) responsible:	Councillor Lamb, Chair of Audit Committee	
Contact Officer(s):	John Harrison, Executive Director - Strategic Resources	☎ 452 398

**EXTERNAL AUDIT: AUDIT PLAN 2011/12**

<b>R E C O M M E N D A T I O N S</b>	
<b>FROM :</b> PricewaterhouseCoopers	<b>Deadline date :</b> N/A
<p>The Committee is asked to:</p> <ol style="list-style-type: none"> <li>1. Consider the External Audit Plan for 2011/12;</li> <li>2. Provide comment on any amendments necessary; and</li> <li>3. Approve the Plan.</li> </ol>	

**1. ORIGIN OF REPORT**

This report is submitted to the Audit Committee in line with its Work Programme for 2011/12.

**2. PURPOSE AND REASON FOR REPORT**

2.1 The purpose of this report is to consider and respond to the Audit Plan for 2011/12 from PricewaterhouseCoopers (PwC), the Council's external auditors, in accordance with the Committees' Terms of Reference –

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

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

**3. TIMESCALE**

Is this a Major Policy Item / Statutory Plan?	<b>NO</b>	If Yes, date for relevant Cabinet Meeting	N/A
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**4. EXTERNAL AUDIT PLAN**

4.1 The Audit Plan has been prepared to inform the Council about the responsibilities of its external auditors and how those responsible will be discharge. It has been discussed and agreed jointly by Council representatives and External Audit (PricewaterhouseCoopers (PwC)).

4.2 The Plan (Appendix A) has been developed to consider the impact of the recent key developments and risks based upon discussion with management and understanding of the City Council and the local government sector.

4.3 There are a number of sections within the report as follows:

**a) Introduction** – contains the purpose and the period the plan will cover.

**b) Scope of the audit** – highlights the three key areas of the audit; Statement of Accounts, Value for Money conclusion, and other reporting requirements. These are standard auditing for areas, and all auditors will be following the same or similar scopes.

**c) Audit approach** – PwC have considered the Council's operations, assessed the risk and how the Council's control procedures mitigate these. It also explains the change in materiality amount, from £100k last year to £250k for this year, to use in the audit opinion.

**d) Key Risks** – identification enable PwC to determine where audit effort should be focused. There are a mix of types of risks identified, from the general risk such as fraud which any organisation would face, and those more specific to the Council such as the Audit Social Care service and outsourcing arrangements which have occur through business change.

**e) Recent Developments** – considers changes from the implementation of the Code 2011/12 and other Government developments.

**f) Audit engagement team and independence** – contact details of team and expectations of roles

**g) Communications plan** – outline of the reports expected from PwC and timeframes

**h) Timetable** – for the execution of this Plan

**i) Audit Fees** – confirms the fees

**j) Risk of fraud** – clarification over roles to mitigate the risk

**k) Other engagement information** – terms of appointment and other matters for attention

## **5. CONSULTATION**

5.1 The Plan has been circulated to relevant officers for comment, including the Executive Director – Strategic Resources, Head of Corporate Services, and the Chief Internal Auditor.

## **6 ANTICIPATED OUTCOMES**

6.1 Approval of the External Audit Plan 2011/12.

## **7 REASONS FOR RECOMMENDATIONS**

7.1 The Plan provides a summary of the Auditor's proposed work for 2011/12. Members can ask questions and make comments to the External Auditor on its contents and coverage.

## **8 ALTERNATIVE OPTIONS CONSIDERED**

8.1 The External Auditor can take on board responses received prior to the finalisation of the plan. No specific options are submitted for consideration.

## **9 IMPLICATIONS**

9.1 There are no direct implications arising from this Plan for PricewaterhouseCoopers. Fees identified are commensurate with previous years.

## **10 BACKGROUND DOCUMENTS**

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

External Audit Plan 2011/12

## **11 APPENDICES**

Appendix 1 – Draft External Audit Plan