

AUDIT COMMITTEE	AGENDA ITEM No.7
27 MARCH 2013	PUBLIC REPORT

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 2012/13

R E C O M M E N D A T I O N S	
FROM : PricewaterhouseCoopers	Deadline date : N/A
<p>The Committee is asked to:</p> <ol style="list-style-type: none"> 1. Consider the External Audit Plan for 2012/13 and consider points raised by PwC (page 5): <ul style="list-style-type: none"> • Proposed scope, comfortable with the audit risks, and approach • Consider and respond to matters relating to fraud • Approve proposed audit fees for the year 2. Provide comment on any amendments necessary 3. Approve the Plan 	

1. ORIGIN OF REPORT

This report is submitted to the Audit Committee in line with its Work Programme for 2012/13.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to consider and respond to the Audit Plan for 2012/13 from PricewaterhouseCoopers (PwC), the Council’s external auditors, in accordance with the Committees’ Terms of Reference:

- 2.2.1.5 To consider the external auditor’s annual letter, relevant reports, and the report to those charged with governance, and
- 2.2.1.7 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?	NO	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 of the plan, work in 2012/13, a risk assessment overview and details of responsibilities.
 - b) **Risk Assessment** – an explanation of the categories of audit risk applied to the following:
 - Key Risks** – identification to 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 New Fixed Asset System, the new social care records system in Adult Social Care, and Savings Targets.
 - c) **Audit approach** – explanation of the two aspects of PwC work:
 - the audit of the Accounts including an explanation of the types of materiality and
 - work required to conclude on the Use of Resources

There is also an explanation of the work carried out on Invest to Save and reliance placed on work carried out by Internal Audit
 - d) **Risk of fraud** – clarification of roles to mitigate the risk
 - e) **Audit engagement team and independence** – contact details of team and expectations of roles
 - f) **Communications plan** – outline of the reports expected from PwC and timeframes
 - g) **Timetable** – for the execution of this Plan
 - h) **Audit Fees** – confirms the fees
 - i) **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 Strategic Finance, and the Chief Internal Auditor.

6 ANTICIPATED OUTCOMES

- 6.1 Approval of the External Audit Plan 2012/13.

7 REASONS FOR RECOMMENDATIONS

- 7.1 The Plan provides a summary of the Auditor's proposed work for 2012/13. 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)

- 10.1 External Audit Plan 2012/13

11 APPENDICES

- 11.1 Appendix A - Draft External Audit Plan 2012/13

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