

<b>AUDIT COMMITTEE</b>	AGENDA ITEM No. 5
<b>24 MARCH 2014</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 - Resources <span style="float: right;">☎ 452 398</span>

**EXTERNAL AUDIT: AUDIT PLAN 2013/14**

<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 2013/14 and consider points raised by PwC in the document: <ul style="list-style-type: none"> <li>• Proposed scope, comfortable with the audit risks, and approach</li> <li>• Consider and respond to matters relating to fraud (page 12 and 13)</li> <li>• Consider and respond to the PwC view on the value of trivial misstatements (page 9)</li> <li>• Approve proposed audit fees for the year</li> </ul> </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 2013/14.

**2. PURPOSE AND REASON FOR REPORT**

2.1 The purpose of this report is to consider and respond to the Audit Plan for 2013/14 from PricewaterhouseCoopers (PwC), the Council's external auditors, in accordance with the Committees' Terms of Reference –

*2.2.1.5 To consider the external auditors 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?	<b>NO</b>	If Yes, date for relevant Cabinet Meeting	N/A
---	-----------	---	-----

**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) Executive Summary** – contains the introductory paragraph, framework for the audit, and details of responsibilities.

**b) Audit approach** – explanation of the aspects of PwC work:

- Risk Assessment - an explanation of the categories of audit risk applied to the financial statements
- Financial Statements 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 are not specific to the Council, and those more specific to the Council such as the Property valuation assumptions and methodologies used by the Council's external valuers which have now been agreed by PwC, Council Tax Benefit reform amendments to the Academy system and Savings Targets.
- An explanation of the types of materiality
- An explanation of robust testing including where and when the work is undertaken -
- work required to conclude on the Use of Resources

There is also an explanation of the work carried out on the Annual Governance Statement, Whole of Government Accounts and the aim to provide meaningful conclusions.

**c) Risk of fraud** – this contains:

- a clarification of roles to mitigate the risk
- explanation of the conditions under which fraud may occur and
- the request to the Audit Committee from PwC on your views on fraud.

**d) Audit engagement team** – contact details of team and responsibilities of each team member

**e) Audit Fees** – confirms the fees

**f) Appendix A** – Independence threats and safeguards

**g) Appendix B** – Communications Plan

**h) Appendix C** – Recent Developments

**i) Appendix D** – Audit Quality

**j).Appendix E** – Other Engagement Information, including details of electronic communication, access to working papers and overseas processing of information, quality arrangements and events arising between signature of accounts and their publication.

## 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 2013/14.

## 7 REASONS FOR RECOMMENDATIONS

7.1 The Plan provides a summary of the Auditor's proposed work for 2013/14. 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 2013/14

## **11 APPENDICES**

Appendix 1 – Draft External Audit Plan 2013/14

This page is intentionally left blank