

Meeting:	Audit and governance committee
Meeting date:	23 March 2016
Title of report:	External audit update
Report by:	Director of resources

Classification

Open

Key Decision

This is not an executive decision.

Wards Affected

Countywide

Purpose

To provide the audit and governance committee with an update on the external audit plan, audit risk assessment for 2015/16 and progress.

Recommendations

THAT:

- (a) the external audit plan at appendix A to this report be considered for any potential additional areas of focus;**
- (b) comments be provided on the external auditors assessment of risk at appendix B to this report and whether the management response to that assessment is consistent with the understanding of the committee; and**
- (c) the external auditors update on progress at appendix C to this report be reviewed and any areas of concern identified.**

Alternative options

- 1 There are no alternative options, this update is provided in accordance with auditing standards.

Reasons for recommendations

- 2 To support effective communication between the committee and the external auditor, and ensure the views of the committee inform future work by the external auditor.

Key considerations

External audit plan

- 3 Attached as appendix A is the external audit plan for the audit of the 2015/16 statement of accounts. The timeline for the audit has been compressed to prepare for the legal requirement to approve the 2017/18 accounts before 31 July. The 2015/16 external audit aims to complete by 31 July and interim audit work has already been completed.
- 4 The report shares the audit approach, the focus of external audit work and the preparation work that has already commenced. There are two presumed significant risks which are applicable to all audits being fraudulent transactions and management override of controls. Work completed to date has raised no areas of concern in addressing these risks.
- 5 The external audit plan confirms the approach to assessing if the council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, the value for money conclusion. The report details the areas of risk identified and the work that will be completed to reach a conclusion that will be reported to the committee in September.

Informing the audit risk assessment

- 6 Appendix B includes a series of questions on informing the audit risk assessment and the responses received from the council's management team. The committee is asked to consider the responses and whether these are consistent with its understanding and to identify whether there are any further comments it would like to make.

Progress report

- 7 Appendix C provides a progress report, the corporate finance team are addressing the actions identified in the report.

Community impact

- 8 Effective audit helps ensure the council is transparent about the way in which it conducts business and that it does so efficiently and effectively in line with the values of the council and the corporate plan priority to secure better services, quality of life and value for money.

Equality duty

9 None.

Financial implications

10 None, the external audit fee referred to in appendix A is as approved in previous reports. It is possible to adapt or add to the audit plan however the plan is designed and costed to allow for focus on major strategic risks. Therefore there has to be a distinction between delivery compliance and working on specific activity outside the plan.

Legal implications

11 External audit is a legal requirement; this report provides an update on the approach being taken in line with legislative requirements.

Risk management

12 This update informs of the risks present which the internal corporate finance team are preparing responses to. Future reports will disclose the external audit findings.

Consultees

13 None.

Appendices

Appendix A - 2015/16 external audit plan

Appendix B - Informing the audit risk assessment

Appendix C - Progress report

Background papers

None