

<b>Meeting:</b>	<b>Audit and governance committee</b>
<b>Meeting date:</b>	<b>21 March 2017</b>
<b>Title of report:</b>	<b>External audit plan and progress update</b>
<b>Report by:</b>	<b>Chief finance officer</b>

## **Classification**

Open

## **Key decision**

This is not an executive decision.

## **Wards affected**

Countywide

## **Purpose**

To approve the external audit plan for 2016/17 having regard to the audit risk assessment for 2016/17, and receive a report from the external auditors on progress.

## **Recommendations**

**THAT:**

- (a) comments be provided on the external auditors assessment of risk at appendix A to this report and whether the management response to that assessment is consistent with the understanding of the committee;**
- (b) having regard to the above recommendation, the external audit plan at appendix B to this report be approved; and**
- (c) the external auditors update on progress at appendix C to this report be received.**

## Alternative options

- 1 There are no alternative options, recommendations are accordance with auditing standards.

## Reasons for recommendations

- 2 The constitution provides that the audit and governance committee will:
  - ensure there are effective relationships between external and internal audit, inspection agencies and other relevant bodies by reviewing and agreeing the external auditor's annual audit plan and receiving regular update reports on progress from the external auditor; and
  - satisfy themselves that the council's assurance statements properly reflect the risk environment

## Key considerations

### Informing the audit risk assessment

- 3 Appendix A 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 management responses and whether these are consistent with its understanding and to identify whether there are any further comments it would like to make. The assessment informs the audit plan below.

### External audit plan

- 4 Attached as appendix B is the external audit plan for the audit of the 2016/17 statement of accounts. The 2016/17 external audit aims to complete by 31 July and interim audit work has already been completed.
- 5 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 over ride of controls. Work completed to date has raised no areas of concern in addressing these risks.
- 6 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.

### Progress report

- 7 Appendix C provides a progress report from the external auditor on their work.

## **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 B 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 - Informing the audit risk assessment

Appendix B - 2016/17 external audit plan

Appendix C - External audit progress report

## **Background papers**

None