

Meeting:	Audit and governance committee
Meeting date:	Wednesday 21 March 2018
Title of report:	Update from external auditor
Report by:	Chief finance officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To provide the committee with a progress update of the work being undertaken by the external auditor, Grant Thornton. The progress update also includes a sector update for the committee. In addition this report provides the committee with an assessment from the external auditor informing the audit risk for 2017/18 which includes management responses. The committee is invited to consider whether that assessment is consistent with the understanding of the committee.

Recommendation(s)

That:

- (a) the progress report and sector update attached at appendix 1 be reviewed and the committee determine any recommendations it wishes to make to ensure the value of the audit work is maximised; and**
- (b) the external auditors report “informing the risk assessment” at appendix 2 be reviewed and the committee determines whether assessment of risk and the management response to that assessment is consistent with the understanding of the committee**

Alternative options

1. There are no alternative recommendations. The report provides a factual update on progress against the agreed external audit annual plan, together with briefings on a range of matters of local government interest and an assessment of the audit risk.

Key considerations

2. The external auditor's report at appendix 1 provides a progress report on actions to complete the 2017/18 annual audit plan. It includes a briefing on changes that will need to be reflected in the statement of accounts and wider sector issues for consideration by the committee.
3. The council continues to work with external audit on improving arrangements supporting effective working between us, a clear timetable in relation to this has been established.
4. A number of work streams are in progress with the next interim audit visit in March expecting to conclude some of the work, so far no items have been identified that require highlighting to the committee.
5. The audit risk assessment is not materially different to previous years, the management responses have been discussed at management board.

Community impact

6. One of the principles in the council's code of corporate governance is to implement good practices in transparency, reporting, and audit to deliver effective accountability. To support effective accountability the council is committed to reporting on actions completed and outcomes achieved, and ensuring stakeholders are able to understand and respond as the council plans and carries out its activities in a transparent manner. External audit contributes to effective accountability.

Equality duty

7. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
8. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the

delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

9. The update has no direct resource implications however the consideration of sector wide issues may lead to further work streams being identified.
10. As approved by the committee in May the 2017/18 annual audit fee totals £124k.

Legal implications

11. There are no legal implication arising from this report.

Risk management

12. The potential risks of being unaware of the update include not producing compliant statement of accounts; this is being mitigated by ensuring the corporate finance team maintain up to date financial knowledge and awareness and maintain open dialogue with the council's external auditors with whom there will be an established, defined and detailed operational work plan.

Consultees

13. None

Appendices

Appendix 1 – external audit progress report March 2018

Appendix 2 – informing the audit risk assessment

Background papers

None