

## **EXTERNAL AUDIT PLAN 2011/12**

**Submitted by:** Executive Director – Resources and Support Services

**Portfolio:** Resources and Efficiency

**Ward(s) affected:** All

### **Purpose of the Report**

To consider the External Audit Plan for 2011/12 attached as an Appendix.

### **Recommendation**

**That the External Audit Plan for 2011/12 be approved.**

### **Reasons**

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and corporate governance of public services. The scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business and this is reflected in the proposed plan.

#### **1. Background**

1.1 The Audit Commission's plan for the 2011/12 audit of the Council's financial statements and value for money conclusion is attached as Appendix A. The plan sets out the work that the Audit Commission propose to undertake to satisfy their responsibilities under their Code of Audit Practice. They are required by professional auditing standards to specify the detailed risks that they need to consider as part of their opinion planning work.

#### **2. Issues**

2.1 The Audit Commission have considered the additional risks that are appropriate to the current audit. These are set out on page 5, table 1 of their plan in relation to the audit of the Council's financial statements and page 8 in relation to the value for money conclusion.

#### **3. Options Considered**

3.1 Officers have reviewed the plan and agreed to the one attached as an Appendix.

#### **4. Proposal**

4.1 It is proposed that the Audit Commission's Plan for 2011/12 is approved.

#### **5. Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

5.1 The External Audit function gives assurance on the stewardship of public resources and effectiveness of services in terms of value for money as well as contributing to the prevention, detection and investigation of potential fraud and corruption incidents.

6. **Legal and Statutory Implications**

- 6.1 The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998, the Local Government Act 1999 and the Commission's Statutory Code of Audit Practice.

7. **Financial and Resource Implications**

- 7.1 Provision in respect of the fees for the Audit Commission's work for 2011/12 - £120,726 - is contained within the Council's budget estimates.

8. **Major Risks**

The level of fee is based on a number of assumptions contained on pages 12 and 16 of the Audit Plan. If these assumptions are not met then additional audit work may have to be undertaken which could result in an increased audit fee. The Audit Commission will keep the Executive Director (Resources and Support Services) informed of any changes to the plans and therefore the fee.

9. **List of Appendices**

Appendix - Audit Commission's Audit Plan 2011/12.