

## DELOITTE – 2011/12 ANNUAL AUDIT PLAN

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### SUMMARY

The attached document sets out the initial plans for the audit of the Statement of Accounts 2011/12 by Deloitte. The format of the plan follows that prescribed by the Audit Commission for external audit work. The plan sets out the approach to the audit and a broad timetable which should enable the whole process to be completed by early September. A separate audit plan has been produced for the pension fund audit, which is also attached.

### RECOMMENDATIONS

The Committee is asked to note the report.

### REASONS FOR OFFICER RECOMMENDATIONS

The Committee needs to be made aware of the plans for the audit of the 2011/12 accounts.

### COMMENT ON THE CONTENT OF THE PLAN

**Materiality:** The expected level of materiality, calculated on the basis of gross expenditure for the full year, will be £7.8m. Based on this amount, Deloitte would expect to report on all unadjusted misstatements greater than £0.391m.

**Key Audit Risks:** The plan highlights the key financial and non-financial audit risks, these being the main areas on which specific audit work will focus. They are as follows:

- Revaluations of property
- Valuation of Pension liability
- Recognition of grant income
- Bad debt provisions for sundry debt
- HRA self-financing settlement payment
- Recording of capital spend
- Accounting for schools
- Management override of key controls

In addition the auditors' have a statutory duty to provide a value for money conclusion based on two main criteria. These are that the organisation has proper arrangements in place for:

- securing financial resilience; and
- for challenging how it secures economy, efficiency and effectiveness.

## **COMMENT ON THE CONTENT OF THE PENSION FUND AUDIT PLAN**

**Materiality:** Materiality is calculated on the basis of the net assets of the fund but is restricted to the materiality established for the audit of the Council's financial statements as a whole, which for 2012 is £7.8m (2011 £7.8m). Based on this amount, Deloitte would expect to report on all unadjusted misstatements greater than £0.39m (2011 £0.39m).

**Key Audit Risks:** The plan highlights the key audit risks, these being the main areas on which specific audit work will focus. They are as follows:

- Contributions
- Benefits
- Financial Instruments
- Management of Key Controls

## **TIMETABLE**

The main timetable remains unchanged with the deadline for draft accounts being 30 June and the audit opinion due by 30 September 2012.

## **FEES**

The estimated level of fees for the 2011/12 audit is £345,150 (2010/11: £359,155) for the main audit and £36,500 for the pension fund audit (no change on last year).

## **LEGAL IMPLICATIONS**

There are no legal implications arising from this report.

## **BACKGROUND PAPERS**

None