

DELOITTE – 2012/13 ANNUAL AUDIT PLAN

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SUMMARY

The attached document sets out the initial plans for the audit of the Statement of Accounts 2012/13 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 2012/13 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 £7.5m. Based on this amount, Deloitte would expect to report on all unadjusted misstatements greater than £0.375m.

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:

- Recognition of grant income
- Revaluations of property
- Valuation of Pension liability
- Calculation of the bad debt provision against sundry debt
- Recording of capital spend
- HRA self-financing
- 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.

Areas for closer consideration include:

- Monitoring and control of construction contracts
- Capital budgeting and forecasting
- Evidence of achieving savings

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 2013 is £7.5m (2012 £7.5m). Based on this amount, Deloitte would expect to report on all unadjusted misstatements greater than £0.38m (2012 £0.38m).

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 2012/13 audit is £207,090 (2011/12: £345,150) for the main audit and £21,000 for the pension fund audit (2011/12: £36,500).

LEGAL IMPLICATIONS

There are no legal implications arising from this report.

BACKGROUND PAPERS

None