

EY 2016/17 Annual Audit Plan; 2016/17 Pension Fund Audit plan; and Information on Their Detailed Work Plan

Contact Officer: Sian Kunert
Telephone: 01895 556578

SUMMARY

The attached documents set out the initial plans for the 2016/17 audit by the Council's external auditors EY. The format of the plans follows that prescribed by the Audit Commission for external audit work. The plans sets out the approach to the audit of the Council's Accounts and the Pension Fund Accounts and a broad timetable which should enable the whole process to be completed by early September. Whilst the Pension Fund forms part of the Council's published Financial Statement of Accounts, a separate plan is prepared for that audit.

Following a request at the last Audit Committee, EY have also produced an audit work plan to cover the interim work carried out to date and plan for completion of the main audit covering key dates where work is planned and this is attached for information.

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 2016/17 accounts.

COMMENT ON THE CONTENT OF THE AUDIT PLAN

Materiality: The expected level of materiality, calculated on the basis of 2% of gross expenditure is £13.2m. EY plan to report on all uncorrected audit misstatements greater than £0.66m.

Key Financial Statement Risks: The plan highlights the key financial statement, these being the main areas on which specific audit work will focus. They are as follows:

- Risk or fraud in revenue and/or expenditure recognition
- Risk of management override
- Financial statement presentation

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 to secure economy, efficiency and effectiveness in the use of its resources.

The external auditor is required to carry out work on behalf of the Audit Commission to certify certain grant claims. In 2016/17 EY will audit the Housing benefits subsidy claim under the requirements of section 28 of the Audit Commission Act 1998.

FEES

The proposed fees for the 2016/17 audit for the main accounts are £157,268, no change from 2015/16.

For grant certification work the proposed fee for Housing Benefit is £28,725. The fee for 2015/16 was £24,445.

COMMENT ON THE CONTENT OF THE PENSION FUND AUDIT PLAN

Materiality: Materiality is calculated on the basis of 1% of the net assets of the fund which for 2016/17 is estimated as £8.102m. Based on this amount, EY would expect to report on all unadjusted misstatements greater than £0.4m.

Key Financial Statement Risks: The plan highlights the key financial statement, these being the main areas on which specific audit work will focus. They are as follows:

- Risk of incorrect valuation of investments
- Risk of management override
- Risk of error due to change in Pension Fund administrator
- Accounting for changes in investment managers

FEES

The proposed fees for the 2016/17 audit are £21,000, no change from 2015/16.

TIMETABLE

The timetable for both audits remains unchanged with the deadline for draft accounts being 30 June and the audit opinion due by 30 September 2017.

LEGAL IMPLICATIONS

There are no legal implications arising from this report.

BACKGROUND PAPERS

None.