

DELOITTE – 2009/10 ANNUAL AUDIT PLAN

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SUMMARY

The attached document sets out the initial plans for the audit of the Statement of Accounts 2009/10 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. 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 2009/10 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 £6 million. Based on this amount, Deloitte would expect to report on all unadjusted misstatements greater than £0.3 million.

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:

Financial

- Grant income recognition
- Property valuations
- Valuation of Icelandic Investments
- Pension liability assumptions
- Accounting for local taxes
- Bad debt provisions

Non-Financial

- Contract procurement
- Partnership working

In addition to these areas of risk, other areas on which the audit process will monitor are:

- Progress on the transition to international Financial Reporting Standards;
- The aim of the council to move towards a faster close down of the accounts and any arising issues;
- The ongoing impact of the economic downturn and its relationship with the council's savings measures
- The continuing work on the comprehensive area assessment.

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 2010 is £6 million. Based on this amount, Deloitte would expect to report on all unadjusted misstatements greater than £0.3 million.

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

TIMETABLE

The main timetable remains unchanged with the deadline for draft accounts being 30 June and the audit opinion due by 30 September 2010.

FEES

The estimated level of fees, notified to the Council in April 2009, remain unchanged. Fees have been frozen at the same rate as those charged for the 2008/9 audit. The fees quoted exclude the fees with regards to work that will be required on the Council's transition to IFRS. This will be agreed separately with management.

LEGAL IMPLICATIONS

There are no legal implications arising from this report.

BACKGROUND PAPERS

None