

EY 2017/18 ANNUAL AUDIT PLAN & 2017/18 PENSION FUND AUDIT PLAN

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SUMMARY

The attached documents set out the initial plans for the 2017/18 audit by the Councils 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 the end of July. Whilst the Pension Fund forms part of the Councils published Financial Statement of Accounts, a separate plan is prepared for that audit.

RECOMMENDATION

That the Audit Committee notes the report.

COMMENT ON THE CONTENT OF THE AUDIT PLAN

Materiality: The expected level of materiality, calculated on the basis of 2% of gross expenditure is £14.36m. EY plan to report on all uncorrected audit misstatements greater than £0.72m.

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

Other areas of audit focus not classified as significant risk, but are still material when considering risks of misstatement include:

- Valuation of Land and Buildings
- Pension Liability Valuation

In addition the auditors' have a statutory duty to provide a value for money conclusion by considering whether the Council has proper arrangements in place to secure economy, efficiency and effectiveness in the use of its resources.

For 2018/19, in accordance with the Housing Benefit Assurance Process, the Council is responsible for appointing its own reporting auditor to undertake certification of the Housing Benefit Subsidy Claim. This will be done along with the Teachers Pension

Contributions and Capital Receipts Pooling certification process as part of a single tender exercise.

FEES

The proposed fees for the 2016/17 audit for the main accounts are £157,268 (Final fee for 2016/17 - £158,712)

COMMENT ON THE CONTENT OF THE PENSION FUND AUDIT PLAN

Materiality: Materiality for 2017/18 has been increased by 1% and is now calculated on the basis of 2% of the net assets of the fund, which is estimated as £19.1m. Based on this amount, EY would expect to report on all unadjusted misstatements greater than £0.957m.

Key Financial Statement Risks: The plan highlights the key financial statement, these being the main areas on which specific audit work will focus. For 2017/18 only one significant risk has been identified as follows:

- Risk of management override

Other areas of audit focus not classified as significant risk, but are still material when considering risks of misstatement include:

- Valuation of complex Investments
- Investment Manager Transition
- Earlier Deadline for Production of Financial Statements

FEES

The proposed fee for the 2017/18 audit is £21,000 (Final fee for 2016/17 £23,212).

TIMETABLE

The timetable for both audits is earlier than prior years due to regulatory changes, with the deadline for draft accounts being 31 May 18 and the audit opinion due by 31 July 2018.

LEGAL IMPLICATIONS

There are no legal implications arising from this report.