

DELOITTE – 2010/11 ANNUAL AUDIT PLAN

Contact Officer: Nancy Leroux
Telephone: 01895 250353

SUMMARY

The attached document sets out the initial plans for the audit of the Statement of Accounts 2010/11 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 2010/11 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 £7.295m. Based on this amount, Deloitte would expect to report on all unadjusted misstatements greater than £0.365m.

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:

- Property valuations
- Valuation of Pension liability
- Recognition of revenue grant income
- Bad debt provisions for sundry debt
- IFRS transition risks
 - Capital grants
 - Lease accounting
 - Holiday pay and flexi accounting
 - Segmental reporting

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 2011 is £7.3m (2010 £6.0m). Based on this amount, Deloitte would expect to report on all unadjusted misstatements greater than £0.4m (2010 £0.3m).

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
- Calculation of Benefits
- Unquoted Investment Vehicles
- IFRS implications

TIMETABLE

The main timetable remains unchanged with the deadline for draft accounts being 30 June and the audit opinion due by 30 September 2011.

FEES

The estimated level of fees for the 2010/11 audit is £359,155 for the main audit and £36,500 for the pension fund audit.

LEGAL IMPLICATIONS

There are no legal implications arising from this report.

BACKGROUND PAPERS

None