

<b>17 March 2015</b>		<b>ITEM: 10</b>
<b>Standards and Audit Committee</b>		
<b>External Audit Plan 2014/2015.</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> No	
<b>Report of:</b> Sean Clark, Head of Corporate Finance		
<b>Accountable Head of Service:</b> Sean Clark, Head of Corporate Finance		
<b>Accountable Director:</b> Graham Farrant, Chief Executive		
<b>This report is public</b>		

### **Executive Summary**

This report is for noting: attached is the Annual Audit Plan from Ernst & Young, the Council's external auditors, that partly duplicates the papers considered at the last meeting but pulls together a number of considerations.

#### **1. Recommendations:**

##### **1.1 That the report be noted.**

#### **2. Introduction and Background:**

2.1 This report introduces the Audit Plan that will cover the audit of the 2014/15 financial statements and the assessment of the Council's arrangements to secure economy, efficiency and effectiveness.

2.2 The plan clearly sets out the key risks and the areas the auditors will focus on.

2.3 The key financial statement risks identified are noted below along with steps taken by the Council to address them:

- Risk of Management Override

There is a need for the external auditors to address the inherent risk of fraud present in all financial systems. There have been no concerns in these areas identified in previous years and no material weaknesses in the system of internal control have been identified to date in 2014/15.

- **Changes in Accounting for Schools**

There has been clarification to the guidance on the accounting for schools from CIPFA. The impact of this is that schools may need to be reassessed to ensure they are correctly held on or off of the Council's balance sheet.

The Council has undertaken a complete review of the treatment of all types of school in the Borough. In light of the guidance issued during 2014/15 a decision has been made to bring one foundation school and two voluntary controlled schools on to the Council's balance sheet. This has been discussed with the external auditors.

- 2.4 The external auditors have identified a significant value for money risk in respect of the pressures from the economic downturn in their initial assessment of the Council's arrangements to secure economy, efficiency and effectiveness.
- 2.5 The Council has developed a detailed medium-term strategy to meet the significant financial challenges over next three years and continues to monitor all financial developments closely.
- 2.5. The auditors will be available at tonight's meeting to answer any questions that Members may have.

**3. Issues, Options and Analysis Of Options:**

- 3.1 The report is only for noting as it is the report of the external auditors.

**4. Reasons for Recommendation:**

- 4.1 So the Committee acknowledge the Audit Plan put forward from the Council's external auditors.

**5. Consultation (including Overview and Scrutiny, if applicable)**

- 5.1 There has been an ongoing dialogue between officers and the external auditors and the plan has been reviewed in detail.

**6. Impact on Corporate Policies, Priorities, Performance and Community Impact**

- 6.1 Robust financial processes safeguard the Council's assets that support the Council in delivering its policies and priorities

## **7. Implications**

### **7.1 Financial**

Implications verified by: **Jonathan Wilson**  
**Acting Chief Accountant**

These are included in the body of the report.

### **7.2 Legal**

Implications verified by: **David Lawson**  
**Deputy Head of Legal Services**

There are no specific implications from this report.

### **7.3 Diversity and Equality**

Implications verified by: **David Lawson**  
**Deputy Head of Legal Services**

### **7.4 Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

There are no specific implications from this report.

## **8. Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- None

## **9. Appendices to the report**

- Appendix 1 - Ernst and Young Audit Plan 2014/2015

### **Report Author:**

Jonathan Wilson  
Acting Chief Accountant, Corporate Finance