

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Chief Executive and Town Clerk

to

Audit Committee

on

12 January 2012

Report prepared by: Linda Everard, Head of Internal Audit

PKF: Annual Audit Plan 2011/12

A Part 1 Public Agenda Item

1. Purpose of Report

- 1.1 To present the External Auditor's Annual Audit Plan for 2011/12 to the Committee.

2. Recommendation

- 2.1 The Committee approves the External Auditor's Annual Audit Plan for 2011/12.**

3. Background

- 3.1 As required by the Audit Commission's Code of Audit Practice 2010, the external auditor must produce an audit planning document. This should set out how the auditors intend to carry out their responsibilities in light of their assessment of risk.
- 3.2 A senior representative of PKF (the appointed External Auditor to the Council) will present this report to the Audit Committee and respond to Members' questions.

4. Corporate Implications

- 4.1 Contribution to Council's Aims, Priorities and Outcomes

Audit work contributes to the delivery of all corporate Aims, Priorities and Objectives.

- 4.2 Financial Implications

The prescribed requirements of what needs to be undertaken by the external auditor and the fee scales are defined by the Audit Commission. The plan and fees proposed reflect the application of these requirements to this Council based upon an assessment of risk which is set out in the 2011/12 Annual Audit Plan.

The cost of external audit for 2011/12 is £315,685, a 10% reduction compared to the cost in 2010/11.

4.3 Legal Implications

The Council is required to have an external audit of its activities that complies with the requirements of the Audit Commission's Code of Audit Practice (the Code). By considering this report, the Committee can satisfy itself that this requirement is planned to be discharged.

4.4 People and Property Implications

None

4.5 Consultation

This planned audit work has been discussed and agreed with the Corporate Director Support Services and the Head of Finance and Resources.

4.6 Equalities and Diversity Implications

None

4.7 Risk Assessment

Periodically considering the work of the external auditor helps mitigate the risk that the Council does not receive an external audit service that complies with the requirement of the Audit Commission's Code of Audit Practice.

4.8 Value for Money

The Audit Commission sets the fee formula for determining external audit fees for all external auditors, taking into account the information gained from its own in-house audit practice and when market testing the 30% of audit work that it delivered by the private sector.

4.9 Community Safety Implications and Environmental Impact

None

5. Background Papers

- Audit Commission's Code of Audit Practice 2010
- Audit Commission's Work Programme and Scales of Fees 2011/12

6. Attachment: PKF Annual Audit Plan 2011/12