

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Corporate Director for Corporate Services
to
Audit Committee
on
24 June 2015

Report prepared by: BDO External Auditor

BDO: Planning Letter 2015/16

Executive Councillor – Councillor Ron Woodley

A Part 1 Public Agenda Item

1. Purpose of Report

- 1.1 To present the External Audit Planning Letter for 2015/16 to the Audit Committee.

2. Recommendation

- 2.1 The Audit Committee agrees the Planning Letter for 2015/16.**

3. Background

- 3.1 As required by the National Audit Office's Code of Audit Practice 2015, 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 The auditor is required to present a "letter" setting out the proposed 2015/16 audit fee. A more detailed Audit Plan will be issued in early Spring which will include any accounts risks identified after completion of the 2014/15 audit.
- 3.3 A senior representative of BDO (the appointed External Auditor to the Council) will present this report and respond to Members questions.

4. Corporate Implications

- 4.1 Contribution to Council's Aims and Priorities

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

- 4.2 Financial Implications

The fee scales and overall requirements of what needs to be undertaken by the external auditor were defined by the Audit Commission before it closed on 31 March 2015. From 1 April 2015, Public Sector Audit Appointments Limited is responsible for overseeing the contract and setting future fees. The fees proposed reflect the application of these requirements to this Council based upon an assessment of risk from audits completed in prior years.

4.3 Legal Implications

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

4.4 People and Property Implications

None

4.5 Consultation

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

4.6 Equalities Impact Assessment

None

4.7 Risk Assessment

Periodically considering whether the external auditor is delivering the agreed Annual Audit Plan helps mitigate the risk that the Council does not receive an external audit service that complies with the requirement of the National Audit Office's Code of Audit Practice.

4.8 Value for Money

The Audit Commission (until the 31 March 2015) and Public Sector Audit Appointments Limited (from 1 April 2015) sets the fee formula for determining external audit fees for all external auditors, taking into account the results of the outsourcing of their audit practice and market testing the audit work that is now fully delivered by the private sector audit firms.

4.9 Community Safety Implications and Environmental Impact

None

5. **Background Papers**

None

6. **Attachment: BDO's Planning Letter 2015/16**