

---

---

<b>REPORT TO:</b>	<b>AUDIT SUB COMMITTEE</b>	<b>AGENDA ITEM: 6</b>
<b>DATE OF MEETING:</b>	<b>12th DECEMBER 2007</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF CORPORATE SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (595811)</b>	<b>DOC:</b> u/ks/audit committee/dec07/audit and inspection covering report
<b>SUBJECT:</b>	<b>EXTERNAL AUDIT – AUDIT and INSPECTION PLAN 2007/08</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE:</b>

---

## **1.0 Recommendations**

- 1.1 That the Audit and Inspection Plan for 2007/2008 is considered and any issues arising be referred to the Council's External Auditor or the Council as appropriate.

## **2.0 Purpose of Report**

- 2.1 To table the External Auditor's Inspection Plan for 2007/2008. Under its terms of reference, the Committee is asked to consider and comment on the scope and depth of the planned work, in particular to ensure as far as possible, that it provides value for money.

## **3.0 Detail**

### **Background**

- 3.1 The Council's External Auditor has changed with effect from 2007/08. This is in accordance with a rotation system to ensure amongst other things, independence between the Auditor and the audited body.
- 3.2 The Audit Commission had been the Council's Auditor for several years. This year, this has changed to Grant Thornton UK LLP, a private firm of auditors, although they are appointed by the Audit Commission and are accountable to them.
- 3.3 Each year, the External Auditor is required to produce and issue their planned programme of work for the year. Normally, this would be completed and reported to the relevant Committee of the Council earlier than is the case with this report.

- 3.4 However, it should be appreciated that there has been a “change-over” period between the out-going auditors completing their work for 2006/07, and Grant Thornton taking over in earnest.
- 3.5 Grant Thornton’s Plan for 2007-08 is attached to this covering report. The plan has been considered and agreed with the Council’s Corporate Management Team – this is normal practice in the relationship between the auditor and the audited body.

### **The Audit Commission’s Work**

- 3.6 To a great extent, the direction of the Commission’s work is governed by statutory requirements. However, their scope and depth of coverage is influenced by such factors as how the Council performs, operates and the degree of local risk involved. They also rely fundamentally in some areas, on the work of Internal Audit.
- 3.7 The role of the Auditor is not just about inspection, but also to support development. In this respect, their role also involves assessing improvement and the use of resources (including value for money) on an annual basis.

### **Scope of Work for 2007/08**

- 3.8 A large part of Grant Thornton’s work for the year will continue to focus on the regular and on-going areas such as:
- Audit of the Council’s Accounts and Financial Statements.
  - Assessing performance on how the Council “uses its resources.”
  - An opinion on whether the Council provides Value for Money.
  - Reviewing the adequacy and quality of data for reporting performance indicators.
  - Reporting on whether or not the Council has complied with legislation in the preparation and publication of the Best Value Performance Plan.
  - Audit and certification of grant claims.
- 3.9 In addition, the Auditors propose to review in more detail the Council’s arrangements for corporate governance. Furthermore, there will also be an inspection of the Council’s Strategic Housing Service.

## **4.0 Financial Implications**

- 4.1 The estimated cost of external audit fees for 2007/08 is set out on pages 13 and 14 of the plan. The total audit and inspection fee is £108,700, compared to £105,100 for 2006/07 – an increase of 3.4%.
- 4.5 The Council’s base budget for Audit Fees totals £107,840 for 2007/08 (excluding grant claims) which is very much in line to the fee of £108,700 (above).

## **5.0 Corporate Implications**

5.1 None directly.

## **6.0 Community Implications**

6.1 None directly.

## **7.0 Background Papers**

None