

**GOVERNANCE AND AUDIT COMMITTEE
29 APRIL 2009**

**EXTERNAL AUDIT PLAN 2009-10
(Borough Treasurer)**

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to set out details of the annual external audit fee and annual inspection fee for 2009-10 for the Governance and Audit Committee to note. The External Auditor will attend the meeting to answer any questions.

2 RECOMMENDATIONS

- 2.1 That the Governance and Audit Committee note the indicative annual external audit fee of £285,100 at Appendix 1.
- 2.2 That the Governance and Audit Committee note the indicative annual inspection fee of £18,293 at Appendix 2.

3 ADVICE RECEIVED FROM STATUTORY OFFICERS

Borough Solicitor

- 3.1 Nothing to add to the report.

Borough Treasurer

- 3.2 The 2009/10 budget includes the provision of £316,570 for audit and inspection fees. This includes a contingency of £13,000 to cover increases in audit fees arising as a result of changes in risk and public queries. Experience over the past few years suggest that this contingency will be used and is sufficient to cover these potential increases.

Strategic Risk Management

- 3.3 The risks identified by the District Auditor will be addressed in departmental service plans for 2009/10.

4 SUPPORTING INFORMATION

- 4.1 The Council has received notification from the Audit Commission of the indicative external audit fee of £285,100 for 2009/10. This is based on the risk-based approach to audit planning set out in the Code of Audit and work mandated by the Audit Commission for 2009/10. As the audit for 2008/09 is not completed, the planning process for 2009/10, including risk assessment will continue as the year progresses and fees will be reviewed and updated as necessary. This indicative fee excludes the inspection and assessment fees. It reflects only the audit element of the external auditor's work which covers the audit of the financial statements and whole of government accounts (WGA), Use of Resources/VFM conclusion, and certification of claims and returns. A separate plan for the audit of the financial statements will be

issued in December 2009 and will detail risks identified, planned audit procedures and any changes required to the fee.

4.2 In setting the indicative fee, the District Auditor has assumed that the general level of risk in relation to the audit of the financial statements is not significantly different from that identified in 2008/09. An additional provision of 6% above the standard audit fee set by the Audit Commission has been made in the external audit plan indicative fee for the following anticipated changes:

- Review of the new Internal Audit provider; and
- WGA return to be prepared on an International Financial Reporting Standard basis.

4.3 The District Auditor's initial planning has identified a number of potentially significant risks which may require a specific audit response in addition to his planned work on Use of Resources. These are as follows:

- Closing the budget gap through the Medium Term Financial Strategy
- Progress on improving procurement arrangements
- Progress in improving data quality arrangements
- Transfer of Learning Disability Services from BEPCT
- Town Centre Redevelopment and Civic Hub dependent upon timing
- Expanding capital programme including building schools for the future

4.4 No specific provision has been made to perform detailed work in response to these or any other major risks which may arise. The District Auditor will consider the arrangements put in place by the Council to mitigate these risks and update his assessment during the year. No specific provision has been made for any auditors costs arising from investigations required as a result of a query from a member of the public. A budget contingency is held for audit fees against these potential increases in the overall audit fee.

4.5 The Audit Commission have also advised that the indicative fee for the annual assessment and inspection is £18,293. This is based on the risk-based approach to inspection planning as set out in the Comprehensive Area Assessment (CAA) framework and associated guidance and specifically relates to the Audit Commission's inspection work. The inspection plan will be reviewed and updated as necessary and any significant amendments to the plan and fee during the year will be discussed and agreed with the Council.

5 CONSULTATION

5.1 Not applicable.

Contact for further information

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Doc. Ref

Governance and Audit Committee\AC Audit Plan report 09-10