

AUDIT AND GOVERNANCE COMMITTEE

18 March 2016

External Auditor - Audit Strategy Memorandum 2015/2016

Report of the Director of Finance

1.0 Purpose of the report

1.1 This report details the external auditors Audit Plan which notifies the Council of the work that they are proposing to undertake in respect of the audit of the financial statements and the value for money conclusion for the financial year 2015/2016.

2.0 Audit Strategy 2015/2016

2.1 The attached Memorandum advises on the scope and nature of this work together with the scale of fees for the 2015/2016 audit and the assumptions that help inform this charge to the Council.

2.2 It is welcomed that Mazars are to reduce their core audit fee work for 2015/16 from £181,032 to £135,774 (a reduction of 25%) and that the fees for grant certification is also to reduce for 2015/16 from £10,300 to £9,309. The overall reduction in fees is a net reduction of £59,569 from the fees charged last year after taking into account fees of £3,550 for additional controls assurance work required by the Skills Funding Skills agency grant claim. The lower costs of the external audit process reflect the fact that the Public Sector Audit Appointments Ltd has passed on the 25% fee reduction arising from the final major procurement exercise undertaken by the Audit Commission before its closure in March 2015.

2.3 The Audit Strategy document identifies the specific areas for the planned audit work based upon a risk assessment process. The key risk areas of work have been identified as those set out in pages 6 to 9 of the attached document and have been discussed with senior officers.

2.4 The document also sets out the protocol the auditors will follow in completing their planned work by providing an audit timeline of key phases of their work and also sets out their proposed methods of communication at each stage.

2.5 The auditors will be in attendance to outline the content of the document and to answer any questions.

3.0 Description of Decision

3.1 The Committee is recommended to note the contents of this report.

