

Audit and Inspection Plan

May 2008



Audit and Inspection Plan

Sunderland City Council

Audit 2008/09

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles.

- Auditors are appointed independently from the bodies being audited.
- The scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business.
- Auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

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Introduction

- 1 This plan sets out the audit and inspection work that we propose to undertake for the 2008/09 financial year. The plan is based on the Audit Commission's risk-based approach to audit planning and the requirements of moving towards Comprehensive Area Assessment (CAA). It reflects:
 - audit and inspection work specified by the Audit Commission for 2008/09;
 - relevant national risks; and
 - local risks and improvement priorities.
- 2 During 2008/09, the role of Relationship Manager will be replaced by the post of Comprehensive Area Assessment Lead (CAAL). The CAAL will provide the focal point for the Commission's work in the local area, lead the CAA process, and ensure that the combined inspection programme across all inspectorates is tailored to the level and nature of risk for the area and its constituent public bodies. The Commission has become the statutory gatekeeper of all inspection activity involving local authorities.
- 3 As we have not yet completed our audit for 2007/08, the audit planning process for 2008/09, including the risk assessment, will continue as the year progresses. The information and fees in this plan will be kept under review and updated as necessary.

Our responsibilities

- 4 The Audit Commission comply with the statutory requirements governing our audit and inspection work, in particular:
 - the Audit Commission Act 1998;
 - the Local Government Act 1999; and
 - the Code of Audit Practice.
- 5 The Code of Audit Practice (the Code) defines auditors' responsibilities in relation to:
 - the financial statements (including the annual governance statement); and
 - the audited body's arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 6 The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies (from April 2008) sets out the respective responsibilities of the auditor and the Council. The Audit Commission has issued a copy of the Statement to every audited body.
- 7 The Statement summarises where the different responsibilities of auditors and of the audited body begin and end, and audit work is undertaken in the context of these responsibilities.

Fees

- 8 The details of the structure of scale fees are set out in the Audit Commission's "*Work programme and fee scales 2008/09*". Scale fees are based on a number of variables, including the type, size and location of the audited body.
- 9 The total indicative fee for the audit and inspection work included in this audit and inspection plan for 2008/09 is £327,000, which compares to the planned fee of £310,000 for 2007/08.
- 10 A summary of this is shown in the table below. The fee is determined by audit risks identified, mandated work and basic assumptions. A detailed breakdown of the audit and inspection fee is included in Appendix 2.

Table 1 Audit and Inspection fee

Audit area	Planned fee 2008/09	Planned fee 2007/08	Page
Total audit fee	£304,100	£288,200	
Total inspection fee	£ 22,900	£ 21,800	
Certification of claims and returns	£ 38,000	£ 58,000	

- 11 The Audit Commission scale fee for Sunderland City Council is £324,000. The fee proposed for 2008/09 is 6 per cent below the scale fee and is within the normal level of variation specified by the Commission.
- 12 In setting the fee, we have assumed that:
- the overall level of risk in relation to the audit of the financial statements is not significantly different from that identified in 2007/08;
 - there will be no significant changes to key financial systems;
 - no new or discontinued operations; and
 - good quality working papers and records will be provided to support the financial statements by 31 July 2009.

Further details of the assumptions are outlined in Appendix 2.

- 13 The Audit Commission has the power to determine the fee above or below the scale fee where it considers that substantially more or less work is required than envisaged by the scale fee. The Audit Commission may, therefore, adjust the scale fee to reflect the actual work that needs to be carried out to meet the auditor's statutory responsibilities, on the basis of the auditor's assessment of risk and complexity at a particular body.

- 14 It is a matter for the auditor to determine the work necessary to complete the audit and, subject to approval by the Audit Commission, to seek to agree an appropriate variation to the scale fee with the Council. The Audit Commission expects normally to vary the scale fee by no more than 30 per cent (upwards or downwards). This fee then becomes payable.
- 15 The major variations between 2007/08 and 2008/09 fees are as follows:
- new national methodology for use of resources work;
 - new arrangements for CAA and the CAA lead role, which is now distinct from that of District Auditor;
 - new national arrangements for Housing Benefits work - detailed testing will be carried out as part of our data quality audit work instead of BEN 1 grant claims certification; and
 - significant reduction to grant claims certification work following the implementation of "*Strategic Regulation*".
- 16 The Audit Commission has the power to determine the fee above or below the scale fee where it considers that substantially more or less work is required than envisaged by the scale fee. The Audit Commission may, therefore, adjust the scale fee to reflect the actual work that needs to be carried out to meet the auditor's statutory responsibilities, on the basis of the auditor's assessment of risk and complexity at a particular body.
- 17 It is a matter for the auditor to determine the work necessary to complete the audit and, subject to approval by the Audit Commission, to seek to agree an appropriate variation to the scale fee with the Council. The Audit Commission expects normally to vary the scale fee by no more than 30 per cent (upwards or downwards). This fee then becomes payable.

Specific actions the Council could take to reduce its audit and inspection fees

- 18 The Audit Commission requires its auditors to inform a council of specific actions it could take to reduce its audit and inspection fees. We have identified the following actions Sunderland City Council could take.
- Improve the quality assurance process on grant claims.

Process for agreeing any changes in audit fees

- 19 As set out above, our initial risk assessment will change as the year progresses. This will be discussed in the first instance with the City Treasurer. Supplements to the plan will be issued to record revisions to the risk and the impact on the fee.

2008/09 work programme

- 20 We are required to issue an audit report giving :
- an opinion on whether the financial statements present fairly the financial position of the Council as at 31 March 2009; and
 - our conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Financial statements

- 21 We have not undertaken a risk assessment for the audit of the financial statements as many of the specific risks may not become apparent until after we have completed the 2007/08 audit. We will produce a separate opinion plan prior to commencing our audit of the 2008/09 financial statements.
- 22 At this stage we are aware of the following risks that are likely to impact on our audit of the financial statements:
- SORP 2008 changes;
 - equal pay and single status;
 - waste PFI proposals;
 - accounting treatment of provisions and reserves; and
 - special purpose vehicles for asset management.

Value for money conclusion

- 23 In reaching our conclusion we will review evidence that is relevant to the Council's performance management and financial management arrangements.
- 24 The key risks highlighted from the planning are summarised in the table below with details of planned work to mitigate the risks. Full details of the risk assessment are outlined in Appendix 3.

Table 2 Key risks identified

Key risks identified	Planned work to address the risk
Health inequalities and regeneration are the two key areas where the North East of England lags behind other regions in the country. Partnerships need to continue to work together with a clear focus on achieving change and measurable outcomes.	We will continue our cross cutting work on health inequalities and undertake probes on teenage pregnancies and access to healthcare in order to assess how partnerships are working 'on the ground' to tackle health inequalities. We will follow up previous year's work on city regions and partnership working.
The city vision is challenging and aspirational. The Council and its partners need to develop concrete targets and milestones to deliver this vision, and ensure that all of the internal strategies and plans are up to date and link coherently to this vision.	We will build on current work relating to performance management with a review of target setting and strategic planning.
The Council needs to provide stronger leadership of the sustainability agenda, including improved performance in recycling.	We will supplement our opinion testing work (above) with a review of the new waste strategy and proposals for service improvement.
The Council generally engages well with local communities but needs to meet the specific needs of an increasingly diverse population.	We will follow up weaknesses identified in the 2007 CA report, and review the Council's approach to community cohesion.

Use of resources 2007/08

- 25** This audit plan covers the last year of the current regime for the use of resources assessment as part of the CPA framework. The work required to arrive at the 2007/08 use of resources assessment is fully aligned to that required to arrive at the auditor's 2007/08 value for money conclusion.
- 26** Appendix 1 outlines the criteria and scoring. The initial risk assessment for use of resources work is shown in Appendix 3. This will be updated through the continuous planning process as the year progresses.

Use of resources 2008/09

- 27 The Audit Commission has specified that auditors will complete a use of resources assessment for 2008/09. This will be a new assessment forming part of the CAA framework for 2009.
- 28 The Commission proposes that the approach to the new use of resources assessment will be focussed on three themes with the detailed Key Lines of Enquiry to be confirmed. For each of the significant risks identified in relation to the use of resources work, we will consider the arrangements put in place by the Council to mitigate the risk, and plan the work accordingly.
- 29 The initial risk assessment for use of resources work is shown in Appendix 3. This will be updated through the continuous planning process as the year progresses.

Mandated work

- 30 As part of the audit, the mandated work programme comprises:
 - data quality for 2007/08; and
 - whole of government accounts.

Appendix 1 highlights the work to be undertaken.

CPA and inspection

- 31 From April 2009, the Audit Commission, jointly with the other public service inspectorates, will be implementing Comprehensive Area Assessment (CAA). Therefore, 2008/09 is the last year in which corporate assessments and programme service inspections will be undertaken as part of the CPA framework.
- 32 The Audit Commission's CPA and inspection activity is underpinned by the principle of targeting our work where it will have the greatest effect, based upon assessments of risk and performance.
- 33 The Council's CPA category is, therefore, a key driver in the Commission's inspection planning process. For CPA 2007, the Council was categorised as "four star and the CA/JAR to support the CPA framework, 'CPA - The Harder Test', was carried out in 2007.

- 34 Consequently no additional service inspections are proposed for 2008/09 and inspection activity will be focussed on mandatory requirements as follows.

Table 3 Summary of inspection activity

Inspection activity	Reason/impact
Relationship Manager (RM)/CAAL role	To act as the Commission's primary point of contact with the Council and the interface at the local level between the Commission and the other inspectorates, government offices and other key stakeholders.
Direction of Travel (DoT) assessment	An annual assessment, carried out by the RM, of how well the Council is securing continuous improvement. The DoT statement will be reported in the Annual Audit and Inspection Letter. The DoT assessment summary will be published on the Commission's website.

2007/08 Planning update

- 35 Our initial plan for 2007/08 audit and inspection work was agreed in April 2007. Key risks identified at that time were:

Use of resources and value for money risks

- Equality and diversity.
- Performance management.

Opinion risks

- SORP changes, including annual governance report.
- Equal pay and single status.
- Building Schools for the Future.

- 36 Having recently reviewed and updated our risk assessment we are satisfied that work in these areas remains appropriate. We have also identified new and emerging risks in respect of:

- statutory requirements for vulnerable children;
- PI performance on homelessness;
- changes to the Connexions service;
- proposed PFI for waste disposal;
- special purpose vehicle for asset management;
- accounting for provisions and reserves; and
- property services.

- 37 However we are satisfied at this stage that the overall audit fee, as previously agreed, remains appropriate. Our initial focus will be to review arrangements put in place by the Council to manage and mitigate these risks. Any further work will only be undertaken insofar as it is necessary to discharge our statutory responsibilities. If additional fee cover is required, this will be discussed in the first instance with the City Treasurer.

- 38 As part of our 2008/09 audit we also intend to follow up reports issued in previous years on IT services, partnership working and economic regeneration.

Advice and assistance

- 39 Under paragraph 9 of Schedule 2A of the Audit Commission Act 1998 we have powers to provide 'advice and assistance' (A&A) to another public body where this is requested. One particular area to consider is managing sickness absence, where the Audit Commission have developed a range of tools and case studies to support improvement.

- 40** If you wish the Commission to provide additional services under these powers, please contact Marion Talbot, our regional lead on A&A.

The audit and inspection team

- 41 The key members of the audit and inspection team for the 2008/09 audit are shown in the table below.

Table 4 Audit and inspection team

Name	Contact details	Responsibilities
David Jennings Relationship Manager/CAAL	d-jennings@audit- commission.gov.uk	The primary point of contact with the Council and the interface at the local level between the Commission and the other inspectorates, government offices and other key stakeholders.
Steve Nicklin District Auditor	s-nicklin@audit- commission.gov.uk	Responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and conclusion, and liaison with the Chief Executive and audit committee.
Lynn Hunt Audit Manager	l-hunt@audit- commission.gov.uk	Manages and coordinates the different elements of the audit work. Key point of contact for the Director of Finance.
Leslie Watson Local Performance Lead	l-watson@audit- commission.gov.uk	Responsible for the delivery of elements of the use of resources work including input into the use of resources assessment and elements of the Direction of Travel assessment.

Quality of service

- 42 We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact Steve Nicklin in the first instance. Alternatively, you may wish to contact David Allsop, regional Head of Operations.
- 43 If we are unable to satisfy your concerns, you have the right to make a formal complaint to the Audit Commission. The complaints procedure is set out in the leaflet '*Something to Complain About*', which is available from the Commission's website or on request.

Planned outputs

- 44 Reports will be discussed and agreed with the appropriate officers before being issued to the audit and governance committee.

Table 5 Planned outputs

Planned output	Indicative date
Audit and Inspection Plan	May 2008
Interim audit memorandum	June 2009 (if required)
Annual governance report	September 2009
Auditor's report giving an opinion on the financial statements and value for money conclusion	September 2009
Final accounts memorandum	October 2009 (if required)
WGA report	October 2009
Use of resources report	December 2009
Annual Audit and Inspection Letter	TBC

Sustainability

- 45 The Audit Commission is committed to promoting sustainability in our working practices and we will actively consider opportunities to reduce our impact on the environment. This will include:
- reducing paper flow by issuing reports electronically and encouraging audited bodies to submit documentation and working papers to us electronically;
 - use of video and telephone conferencing for meetings as appropriate; and
 - reducing travel.

Appendix 1 – Elements of our work

Financial statements

- 1 We will carry out the audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).
- 2 We are required to issue an opinion on whether the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Council as at 31 March 2009 and its income and expenditure for the year.
- 3 We are also required to review whether the Annual Governance Statement has been presented in accordance with relevant requirements, and to report if it does not meet these requirements or if the Annual Governance Statement is misleading or inconsistent with our knowledge of the Council.

Value for money conclusion

- 4 The Code requires us to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion. The Code also requires me to have regard to a standard set of relevant criteria, issued by the Audit Commission, in arriving at my conclusion.
- 5 In meeting this responsibility, we will review evidence that is relevant to the Council's corporate performance management and financial management arrangements. Where relevant work has been undertaken by other regulators, we will normally place reliance on their reported results to inform our work.
- 6 We will also follow up audit work from previous years to assess progress in implementing agreed recommendations.

Use of resources assessment 2007/08

- 7 The use of resources themes and KLOEs are outlined below. We will arrive at a score of 1 to 4, based on the underlying key line of enquiry, for each of the following themes.

Table 6

Theme	Description
Financial reporting	<ul style="list-style-type: none"> • preparation of financial statements • external reporting
Financial management	<ul style="list-style-type: none"> • medium-term financial strategy • budget monitoring • asset management
Financial standing	<ul style="list-style-type: none"> • managing spending within available resources
Internal control	<ul style="list-style-type: none"> • risk management • system of internal control • probity and propriety
Value for money	<ul style="list-style-type: none"> • achieving value for money • managing and improving value for money

- 8 We will report details of the scores and judgements made to the Council. The scores will be accompanied, where appropriate, by recommendations of what the Council needs to improve.
- 9 The auditor's scores are reported to the Commission and are used as the basis for its overall use of resources judgement for the purposes of the CPA.

Use of resources assessment 2008/09

- 10 The Commission has now consulted on its proposals for the 2008/09 Use of Resources assessment. It proposes that the work required to arrive at the 2008/09 use of resources assessment is fully aligned with that required to arrive at the auditor's 2008/09 value for money conclusion.
- 11 The Commission proposes that the assessment will be based upon the evidence from three themes:
- managing money;
 - managing the business; and
 - managing other resources.
- 12 The Commission proposes that Data Quality will become an element of the Use of Resources framework from 2008/09.

Whole of government accounts

- 13 We will be required to review and report on your WGA consolidation pack in accordance with the approach agreed with HM Treasury and the National Audit Office.

National Fraud Initiative

- 14 From 2008/09 work relating to the National Fraud Initiative will be carried out directly by the Commission under its new data matching powers under the Serious Crime Act 2007. The Commission will be consulting audited bodies on the work programme and fee scales for the National Fraud Initiative later this year.

Certification of grant claims and returns

- 15 We will continue to certify the Council's claims and returns on the following basis:
- claims below £100,000 will not be subject to certification;
 - claims between £100,000 and £500,000 will be subject to a reduced, light-touch certification; and
 - claims over £500,000 will be subject to a certification approach relevant to the auditor's assessment of the control environment and management preparation of claims. A robust control environment would lead to a reduced certification approach for these claims.

Appendix 2 – Basis for fee

- 1 The Audit Commission is committed to targeting its work where it will have the greatest effect, based upon assessments of risk and performance. This means planning work to address areas of risk relevant to our audit responsibilities and reflecting this in the audit fees. It also means making sure that our work is coordinated with the work of other regulators, and that our work helps you to improve.
- 2 The risk assessment process starts with the identification of the significant financial and operational risks applying at the Council with reference to:
 - our cumulative knowledge of the Council;
 - planning guidance issued by the Audit Commission;
 - results of previous and ongoing audit work;
 - interviews with Council officers;
 - liaison with internal audit; and
 - the results of other review agencies' work where relevant.

Assumptions

- 3 In setting the fee, we have calculated materiality at £14m. We have also assumed that:
 - The overall level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2007/08;
 - There will be no significant changes to existing financial systems or systems of internal control;
 - We will be kept informed of new and discontinued operations, and any other significant developments impacting on the audit;
 - internal audit meets the appropriate professional standards;
 - good quality working papers and records will be provided to support the financial statements by 31 July 2009;
 - requested information will be provided within agreed timescales;
 - prompt responses will be provided to draft reports; and
 - additional work will not be required to address questions or objections raised by local government electors.
- 4 Where these assumptions are not met, we will be required to undertake additional work which is likely to result in an increased audit fee. The fee for the audit of the financial statements will be re-visited when we issue the opinion audit plan.

- 5 Changes to the plan will be agreed with the City Treasurer. These may be required if:
- new residual audit risks emerge;
 - additional work is required by the Audit Commission or other regulators; or
 - additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.
- 6 Below is a detailed breakdown of the audit and inspection fee for 2008/09.
- 7 The fee (plus VAT) will be charged in 12 equal instalments from April 2008 to March 2009.

Table 7 Detailed audit and inspection fee

Audit area	Planned fee 2008/09	Planned fee 2007/08	Page
Audit (excluding the Pension Fund)			
Financial statements	£205,530	£191,000	14
Use of resources 2007/08	69,310	73,000	15
Use of resources 2008/09	27,010	0	15
Data quality 2007/08	0	20,000	15
Whole of government accounts	2,250	2,250	16
National fraud initiative	0	1,200	16
Total audit fee	£304,100	£288,200	
Inspection			
Relationship management and Direction of Travel assessment	22,900	21,800	10
Service inspection	0	0	10
Corporate inspection	0	0	10
Total inspection fee	22,900	21,800	
Total audit and inspection fee	£327,000	£310,000	
Certification of claims and returns	38,000	58,000	16

Appendix 3 – Initial risk assessment – Use of resources and VFM conclusion

Significant risks identified	Mitigating action by audited body	Residual audit risk	Action in response to residual audit risk	Link to auditor’s responsibilities
Health inequalities	New primary care centres have been developed in partnership with the PCT. Pooled budgets and several jointly funded posts are in place.	Yes - this is a key area where the North East of England lags behind other regions in the country.	We will continue our cross cutting work on health inequalities and undertake probes on teenage pregnancies and access to healthcare in order to assess how partnerships are working ‘on the ground’.	Use of resources KLOE (managing the business). Direction of travel assessment.
Regeneration	City region now established.	Yes, as highlighted by last year’s report	We will follow up our 2007 report on city regions, and previous years work on partnership arrangements.	Use of resources KLOEs (managing the business and managing natural resources). Direction of travel assessment.
City vision projects Sunderland as an attractive place to live, work, and study.	Vision is shared with LSP and key partners, image strategy now in place.	Yes - The Council and its partners need to develop concrete targets and milestones to deliver this vision, and ensure that internal strategies are up to date and coherent.	We will build on current work relating to performance management with a review of target setting and strategic planning.	Use of resources KLoE(performance management). Direction of travel assessment. Control environment assessment to inform audit risk. Value for money conclusion.

22 Audit and Inspection Plan | Appendix 3 – Initial risk assessment – Use of resources and VFM conclusion

Significant risks identified	Mitigating action by audited body	Residual audit risk	Action in response to residual audit risk	Link to auditor’s responsibilities
The Council generally engages well with local communities but needs to meet the specific needs of an increasingly diverse population.	New strategies are in place for community cohesion, diversity and managing extremism.	Yes, weaknesses identified in 2007 CA report.	We will follow up the Council's CA/JAR improvement plan and review it's approach to community cohesion.	Use of resources KLOE (leadership). Direction of travel assessment. Value for money conclusion.
The Council needs to provide stronger leadership of the sustainability agenda, including improved performance in recycling.	Joint waste strategy now in place with neighbouring councils, includes PFI proposals.	Yes, this is a key national priority.	We will supplement our opinion testing work on the PFI scheme with a review of the new waste strategy and proposals for service improvement.	Use of resources KLOE (managing natural resources). Direction of travel assessment.

Appendix 4 – Independence and objectivity

- 1 We comply with the ethical standards issued by the APB and with the Commission's requirements in respect of independence and objectivity as summarised below.
- 2 Auditors appointed by the Audit Commission are required to comply with the Commission's Code of Audit Practice and Standing Guidance for Auditors, which defines the terms of the appointment. When auditing the financial statements, auditors are also required to comply with auditing standards and ethical standards issued by the Auditing Practices Board (APB).
- 3 The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.
- 4 International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) requires that the appointed auditor:
 - discloses in writing all relationships that may bear on the auditor's objectivity and independence, the related safeguards put in place to protect against these threats and the total amount of fee that the auditor has charged the client; and
 - confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, they are independent and their objectivity is not compromised.
- 5 The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In this case, the appropriate addressee of communications from the auditor to those charged with governance is the Audit and Governance Committee. The auditor reserves the right, however, to communicate directly with the Council on matters which are considered to be of sufficient importance.
- 6 The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively, and ensure that they do not act in any way that might give rise to, or could reasonably be perceived to give rise to, a conflict of interest. In particular, appointed auditors and their staff should avoid entering into any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.

- 7 The Standing Guidance for Auditors includes a number of specific rules. The key rules relevant to this audit appointment are as follows.
 - Appointed auditors should not perform additional work for an audited body (ie work over and above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might give rise to a reasonable perception that their independence could be compromised. Where the audited body invites the auditor to carry out risk-based work in a particular area that cannot otherwise be justified as necessary to support the auditor's opinion and conclusions, it should be clearly differentiated within the Audit and Inspection Plan as being 'additional work' and charged for separately from the normal audit fee.
 - Auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission.
 - The District Auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every five years.
 - The District Auditor and senior members of the audit team are prevented from taking part in political activity on behalf of a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body.
 - The District Auditor and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.
- 8 We are aware of two relationships that may affect the independence and objectivity of the audit team and which are required to be disclosed under auditing and ethical standards. These are set out below.
- 9 One member of the audit team is married to a librarian employed by Sunderland City Council. We have taken the following safeguards to ensure our independence and objectivity:
 - His work is closely supervised by the Audit Manager
 - He is not given any assignments directly related to the Council's libraries service.
- 10 One of our performance specialists undertakes a small amount of external consultancy work for other public sector organisations. He is not permitted to carry out audit or inspection work in any areas of the Council's activities where he has also been engaged as a consultant.

Appendix 5 – Working together

- The audit team will maintain knowledge of current local issues to inform our risk-based audit through regular liaison with key officers. The meetings will be organised by the Audit Commission and our proposal for this is as follows.

Table 8 Proposed meetings with officers

Council officers	Audit Commission staff	Timing	Purpose
Chief Executive	District Auditor (DA) Audit Manager (AM) Local Performance Lead (LPL)	At least twice a year	Meet to discuss: <ul style="list-style-type: none"> Audit and Inspection Plan; Audit and inspection Letter Plus additional meetings on specific issues as required.
City Treasurer	AM and team leader (TL)	At least quarterly	Meet to discuss <ul style="list-style-type: none"> audit work plan and fees use of resources judgements audit opinion issues and governance report Audit and Inspection letter Plus additional meetings on specific issues as required.
Assistant Chief executive and Head of Performance	AM and LPL	At least twice a year	Meet to discuss; <ul style="list-style-type: none"> audit work plan performance and data quality work direction of travel assessment.
City Solicitor	AM and/or TL	At least twice a year	Update on current legal issues
Chief Accountant	AM and/or TL	Weekly during the opinion audit	Update on audit and opinion issues.
Chief Internal Auditor	AM and/or TL	At least twice a year	Update on audit progress and current issues.

26 Audit and Inspection Plan | Appendix 5 – Working together

Council officers	Audit Commission staff	Timing	Purpose
Audit and governance Committee	DA and AM, with TL and/or LPL as appropriate	Attend all committees	Formal reporting of: <ul style="list-style-type: none"> • Audit and Inspection Plan; • annual governance report; • Annual Audit and Inspection Letter; and • other issues as appropriate.