

Performance and Audit Scrutiny Committee



Forest Heath
District Council

Title of Report:	Ernst and Young – Presentation of External Audit Plan and Fees 2017/2018	
Report No:	PAS/FH/18/005	
Report to and date/s:	Performance and Audit Scrutiny Committee	31 January 2018
Portfolio holder:	Councillor Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01799 530325 Email: Stephen.edwards@forest-heath.gov.uk	
Lead officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: Rachael.mann@westsuffolk.gov.uk	
Purpose of report:	To provide members with a basis to review Ernst and Young's (EY's) proposed approach and scope for the 2017/2018 audit along with the planned fees to complete the work as set out in the Audit Plan, attached at Appendix A.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are asked to <u>note</u> the External Audit Plan and Fees for 2017/2018.	

Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:		<ul style="list-style-type: none"> This report has been prepared in consultation with the Resources & Performance team, Leadership Team and the Portfolio Holder for Resources & Performance. 	
Alternative option(s):		<ul style="list-style-type: none"> N/A 	
Implications:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> The report includes the planned 2017/2018 audit fee of £47,059 and certification of claims fee of £12,442. 	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> External audit is a statutory function. 	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High* Medium		Low/Medium/ High* Low
The assessment of the key strategic or operational risks and the financial statement risks facing the Council may not be correct		Assessment of key strategic or operational risks and the financial statement risks facing the Council have been identified through External Audits knowledge of the entity's operations and discussion with members and officers.	
Ward(s) affected:		N/A	
Background papers:		None	
Documents attached:		Appendix A – Ernst & Young Audit Planning Report Year ended 31 March 2018	

1. Key issues and reasons for recommendation(s)

1.1 The Council's appointed external auditors, Ernst and Young (EY), are required to provide an audit plan which covers the work they plan to perform in order to provide the Council with:

- An audit opinion on whether the financial statements of Forest Heath District Council give a true and fair view of the financial position as at 31 March 2018 and of the income and expenditure for the year then ended; and
- A statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness. The Audit Plan (attached) is based on EY's risk-based approach to audit planning.

1.2 When planning the audit EY take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements.
- Developments in financial reporting and auditing standards.
- The quality of systems and processes.
- Changes in the business and regulatory environment.
- Management's views on all of the above.

1.3 Sections 2 and 3 of **Appendix A**, summarise EY's assessment of the key risks which drive the development of an effective audit for the Council, and outlines their planned audit strategy in response to those risks. Officers will be working with EY over the coming months to ensure that these risks are managed and where possible to come to an agreement over their treatment prior to the issuing of the Annual Governance Report, and Audit Opinion (due to be issued by EY by July 2018).

1.4 The planned fee for carrying out this work for 2017/2018 is set out on page 31 of **Appendix A**. The fees are summarised below:

	Planned fee 2017/2018 £
Audit fee – code work	47,059
Certification of claims and returns	12,442
Total fees	59,501