

# Informal Joint Performance and Audit Scrutiny Committee



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>Ernst and Young – Presentation of External Audit Plan and Fees 2018/2019</b>	
<b>Report No:</b>	<b>PAS/SE/19/005</b>	
<b>Report to and date:</b>	<b>Performance and Audit Scrutiny Committee</b>	31 January 2019
<b>Portfolio holder:</b>	Councillor Ian Houlder Portfolio Holder for Resources and Performance Tel: 07970 729435 Email: <a href="mailto:ian.houlder@stedsbc.gov.uk">ian.houlder@stedsbc.gov.uk</a>	
<b>Lead officer:</b>	Greg Stevenson Service Manager – Finance and Performance <b>Tel:</b> 01284 757264 <b>Email:</b> <a href="mailto:Gregory.stevenson@westsuffolk.gov.uk">Gregory.stevenson@westsuffolk.gov.uk</a>	
<b>Purpose of report:</b>	To provide members with a basis to review Ernst and Young's (EY's) proposed approach and scope for the 2018/2019 audit along with the planned fees to complete the work as set out in the Audit Plan, attached at <b>Appendix B</b> .	
<b>Recommendation:</b>	<b>Performance and Audit Scrutiny Committee:</b>  <b>Members are asked to note the External Audit Plan and Fees for 2018/2019 attached at Appendix B.</b>	

<b>Key Decision:</b> <i>(Check the appropriate box and delete all those that <b>do not</b> 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"/>	
<b>Consultation:</b>		<ul style="list-style-type: none"> <li>This report has been prepared in consultation with officers of the council.</li> </ul>	
<b>Alternative option(s):</b>		<ul style="list-style-type: none"> <li>N/A</li> </ul>	
<b>Implications:</b>			
<i>Are there any <b>financial</b> implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>The report includes the planned 2018/2019 audit fee and certification of claims fee.</li> </ul>	
<i>Are there any <b>staffing</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<i>Are there any <b>ICT</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<i>Are there any <b>legal and/or policy</b> implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>External audit is a statutory function.</li> </ul>	
<i>Are there any <b>equality</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<b>Risk/opportunity assessment:</b>		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
	Low/Medium/ High*		Low/Medium/ High*
The assessment of the key strategic or operational risks and the financial statement risks facing the Council may not be correct	Medium	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.	Low
<b>Ward(s) affected:</b>		N/A	
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>		None	
<b>Documents attached:</b>		<b>Appendix A</b> – FHDC Audit Plan Year Ended 31 March 2019  <b>Appendix B</b> – SEBC Audit Plan Year Ended 31 March 2019	

## 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 the Council give a true and fair view of the financial position as at 31 March 2019 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 at **Appendices A and B**) 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 B**, 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 2019).

1.4 The planned fees for carrying out this work for 2018/2019 is set out on pages 34 and 35 of **Appendices A and B**. The fees are summarised below:

<b>Planned fee 2018/2019</b>	<b>St Edmundsbury</b>	<b>Forest Heath</b>
Audit fee – code work	£33,701	£38,235
Housing Benefit certification	£14,960	£14,960
<b>Total fees</b>	<b>£48,661</b>	<b>£53,195</b>