

Meeting: Audit Committee

Portfolio Area: Resources

Date: 26th June 2007

AUDIT COMMISSION'S AUDIT PLAN 2007/08

(Finance)

NON-KEY DECISION

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1 PURPOSE

1.1 To advise Members on the Audit Commission's Annual Audit Plan for 2007/08 (attached at **Appendix A**).

2 RECOMMENDATION

2.1 That the Audit Commission's Annual Audit Plan for 2007/08 be noted.

3 BACKGROUND

3.1 Annual Audit Plan 2007/08

3.1.1 The Audit Commission's Annual Audit Plan sets out the audit and inspection work that they propose to undertake in 2007/08. The plan has been drawn up from their risk-based approach to audit planning and reflects:

- the Code of Audit Practice;
- audit and inspection work specified by the Audit Commission for 2007/08;
- local risks and improvement priorities; and
- current national risks relevant to local circumstances.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Annual Audit Plan 2007/08

4.1.1 The full Annual Audit Plan 2007/08 for Stevenage Borough Council is attached at **Appendix A**.

4.2.2 The Plan covers the following key areas :

- CPA and Inspections
- Work Under the Code of Audit Practice
 - Financial Statements
 - Use of Resources
 - Data Quality
 - Best Value Performance Plan
- Assessing Risk
- Work Specified by the Audit Commission
 - Whole of Government Accounts
 - National Fraud Initiative
- Voluntary Improvement Work
- Certification of Grant Claims and Returns

4.2.3 The Council's Strategic Management Board have reviewed the draft Annual Audit Plan and their comments have been incorporated into this final version presented to Members.

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 The Audit Commission's fee scale structure and details are set out in the Commission's Work Programme and Fee scales 2007/08. Audit fees are based on a number of variables, including the type, size, location and complexity of the audited body and the national and local risks.

5.1.2 The Audit Commission's total planned fee estimate for 2007/08 is detailed in Appendix 2 of their Plan and can be summarised as follows;

Audit Commissions Fees		
Audit Area	Planned Fee 2007/08 £	Planned Fee 2006/07 £
Total Audit Fee	131,610	126,110
Total Inspection Fee	6,490	4,753
NFI Audit	625	0
Grant Claim Certification	73,000	70,000
Total estimate Fee	211,725	200,863

5.1.3 The overall fee charge in 2006/07 was higher than estimated reflecting additional work on grant claim certification and the Adjustment "A" issue.

5.1.4 A provision of £197,000 was made for External Audit Fees in the 2007/08 Original Budget. Officers have challenged the Audit Commission on the above inflation increase in the fees between 2006/07 and 2007/08, particularly in the light of the Council's improved Use of Resources score and comparisons with other Hertfordshire District Councils, which show the fees proposed for Stevenage to be one of the highest of those responding. As a consequence of these variations in audit fees across the County, the Hertfordshire Chief Financial Officers will be meeting with the Audit Commission Relationship Managers for Hertfordshire to request an explanation.

5.2 Legal Implications

None identified at this time.

BACKGROUND DOCUMENTS

- None

APPENDICES

- **Appendix A - Audit and Inspection Plan 2007/08**