

# **Audit and Inspection Plan**

**Southampton 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, 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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For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

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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;
  - current national risks relevant to your local circumstances; and
  - your 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 your 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 I 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, and the information and fees in this plan will be kept under review and updated as necessary.

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## Responsibilities

- 4 We comply with the statutory requirements governing our audit and inspection work, in particular:
  - the Audit Commission Act 1998;
  - the Local Government Act 1999 (best value inspection and audit);
  - 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 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 our audit work is undertaken in the context of these responsibilities.

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## Audit fee

- 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 for £349,446 (still subject to the outcome of fees consultation), which compares to the planned fee of £414,662 for 2007/08 (including corporate assessment).
- 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 fee**

Audit area	Planned fee 2008/09	Planned/Actual fee 2007/08	Page
<b>Audit</b>			
<b>Total audit fee</b>	324,570	276,200	9
<b>Inspection</b>			
<b>Total inspection fee</b> (Including Corporate Assessment)	24,876	138,462	12
Certification of claims and returns	65,000	70,000	19

- 11 The Audit Commission scale fee for Southampton City Council is £352,800. The fee proposed for 2008/09 is - 8 per cent compared to 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 level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2007/08; and
  - internal audit undertakes appropriate work on all systems and good quality working papers and records will be provided to support the financial statements by 6 July 2009.

Further details of our 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 variances between the planned fee for 2008/09 and the planned fee for 2007/08 arise from changes to the use of resources assessment, with the scope expanded to include commissioning, asset management and sustainability, and also the realignment of Use of Resources fees with audit years. There is also an increase arising from the costs of the move to International Financial Reporting.

## **Specific actions Southampton City Council could take to reduce its audit and inspection fees**

- 16 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 Southampton City Council could take:
  - take action on the issues identified in our annual audit and inspection letter;
  - comply fully with the SORP requirements; and
  - continue to improve the evidence and standard of working papers provided in support of grant claims.

## **Process for agreeing any changes in audit fees**

- 17 As set out in paragraph 3, I expect that the initial risk assessment will change as the year progresses. Where this is the case, I will discuss this in the first instance with the Chief Executive and Director of Resources. Supplements to the plan will be issued to record revisions to the risk and the impact on the fee.



## Auditor's report on the financial statements

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

### Financial statements

- 19 I have not undertaken a risk assessment for our audit of the financial statements as many of the specific risks which may become apparent after we have completed our 2007/08 audit. I will issue a separate opinion Audit and Inspection Plan for our audit of the financial statements later in 2008.
- 20 The adoption of International Financial Reporting Standards (IFRS) is not required by most local government bodies in 2008/09. However, there is a requirement to prepare whole of government accounts (WGA) consolidation packs on the basis of IFRS.

### VFM conclusion

- 21 In reaching my conclusion I will review evidence that is relevant to the Council's performance management and financial management arrangements.

The key risks highlighted from our planning are summarised in Appendix 3 with details of planned work to mitigate the risks.

## Use of resources

- 22 This will be the first year of a new use of resources assessment which will form an element of the CAA framework. The Audit Commission has specified that auditors will complete a use of resources assessment for 2008/09.
- 23 There have been significant changes to the criteria for 2008/09. Appendix 1 outlines the criteria assessed as part of our use of resources work and our VFM conclusion. For each of the significant risks identified in relation to our use of resources work, I consider the arrangements put in place by the Council to mitigate the risk, and plan my work accordingly.
- 24 Our initial risk assessment for use of resources work is shown in Appendix 3. This will be updated through our continuous planning process as the year progresses.

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## Mandated work

25 As part of the audit, the mandated work programme comprises:

- data quality;
- whole of government accounts; and
- National Fraud Initiative.

Appendix 1 highlights the work to be undertaken.

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## CPA and inspection

- 26 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.
- 27 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.
- 28 The Council's CPA category is, therefore, a key driver in the Commission's inspection planning process. For CPA 2007, the Council was assessed for the first time as a four-star authority.
- 29 I have applied the principles set out in the CPA framework, '*CPA - The Harder Test*', recognising the key strengths and areas for improvement in the Council's performance.
- 30 Strengths in the Council's performance include:
- the Council was assessed as performing well in the 2007 corporate assessment and has a good range of service scores which contribute to its four-star rating;
  - the Council has continued to improve its priority services resulting in above average customer satisfaction and was assessed as improving well in the 2007 direction of travel assessment; and
  - the Council is achieving good value for money (VFM) with most relatively high cost services performing well.
- 31 Areas for improvement in the Council's performance include:
- income collection from rents and council tax, school attendance levels and stability of placements for looked after children; and
  - improving VFM in housing management services, integrating financial and performance reporting and achieving planned savings from procurement.

- 32 On the basis of the planning process I have identified where inspection activity will be focused for 2008/09 as follows.

**Table 2 Summary of inspection activity**

<b>Inspection activity</b>	<b>Reason/impact</b>
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 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.

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## Advice and assistance

- 33 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 authority where this is requested.
- 34 If you wish the Commission to provide additional services under these powers, please contact Elizabeth Hale, who is our regional lead on Advice and Assistance.

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## The audit and inspection team

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

**Table 3 Audit and inspection team**

Name	Contact details	Responsibilities
Kate Handy Relationship Manager/ District Auditor	<a href="mailto:k-handy@audit-commission.gov.uk">k-handy@audit-commission.gov.uk</a> [0844 798 1740]	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 other key stakeholders.
Linda Krywald Corporate Area Assessment Lead	<a href="mailto:l-krywald@audit-commission.gov.uk">l-krywald@audit-commission.gov.uk</a> [0844 798 4624]	Will take over from the Relationship Manager in due course.
Mike Bowers Audit Manager	<a href="mailto:m-bowers@audit-commission.gov.uk">m-bowers@audit-commission.gov.uk</a> [07881 518961]	Manages and co-ordinates the different elements of the audit work. Key point of contact for the Director of Resources.
Angela Blowman Area Performance Lead	<a href="mailto:a-blowman@audit-commission.gov.uk">a-blowman@audit-commission.gov.uk</a> [07747 756601]	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.
Helen Hinchliff Team Leader	<a href="mailto:h-hinchliff@audit-commission.gov.uk">h-hinchliff@audit-commission.gov.uk</a> [07779 336934]	Responsible for the delivery of the opinion audit and the regularity elements of the VFM Conclusion and CPA Use of Resources, and Grant Claim audits.

## Quality of service

- 36 I am 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 me in the first instance. Alternatively, you may wish to contact Neil Childs, the South Central Sub-region Head of Operations.

- 37 If I am 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

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

**Table 4** Planned outputs

Planned output	Indicative date
Opinion Audit and Inspection Plan	December 2008
Interim audit memorandum (if appropriate)	May 2009
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 (if appropriate)	November 2009
Use of resources report	December 2009
Direction of Travel report (Included in 2008 Annual Audit and Inspection Letter)	TBC
Annual Audit and Inspection Letter	TBC



# Appendix 1 – Work under the Code of Audit Practice

## Financial statements

- 1 I will carry out our audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).
- 2 I am 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 I am also required to review whether the Annual Government Statement has been presented in accordance with relevant requirements, and to report if it does not meet these requirements or if the Annual Government 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, I 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, for example Communities and Local Government, we will normally place reliance on their reported results to inform our work.
- 6 I will also follow up our work from previous years to assess progress in implementing agreed recommendations.

## Use of resources assessment

- 7 The assessment will emphasise the importance of improved value for money outcomes for local people. It is based on wider considerations other than cost and performance. It will also look at how commissioning and procurement are improving efficiency and how non-financial resources are used to support value for money.
- 8 The work required to arrive at the use of resources assessment is fully aligned with that required to arrive at the auditor's value for money conclusion.

- 9 The overall judgement will be based upon the evidence from three themes scored by the auditor and will give particular emphasis to the value for money outcomes being achieved. The assessment criteria below is based on our current proposals as outlined in our consultation document.

**Table 5 Use of resources assessment criteria**

<b>Managing money</b>	<ul style="list-style-type: none"> <li>• Financial health</li> <li>• Financial planning</li> <li>• Understanding costs</li> <li>• Financial monitoring and forecasting</li> <li>• Financial reporting</li> </ul>
<b>Managing the business</b>	<ul style="list-style-type: none"> <li>• Leadership</li> <li>• Performance management</li> <li>• Commissioning and procuring services</li> <li>• Risk management and internal control</li> <li>• Ethical behaviour and counter-fraud</li> </ul>
<b>Managing other resources</b>	<ul style="list-style-type: none"> <li>• Natural resources</li> <li>• Physical assets</li> <li>• People and IT</li> </ul>

- 10 I will report details of the scores and judgements made to the Council. The scores will be accompanied, where appropriate, by recommendations for improvement.
- 11 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 CAA.

## Data quality

- 12 The Audit Commission has specified that auditors will be required to undertake audit work in relation to data quality. This is based on a three-stage approach covering:
- Stage 1 – management arrangements;
  - Stage 2 – analytical review; and
  - Stage 3 – risk-based data quality spot checks of a sample of performance indicators.
- 13 Work will be focused on the overall arrangements for data quality, particularly on the responsibility of the Council to manage the quality of its data [including data from partners where relevant].

- 14 Our fee estimate reflects an assessment of risk in relation to the Council's data quality arrangements and performance indicators. This risk assessment may change depending on our assessment of your overall management arrangements at stage 1 and we will update our plan accordingly, including any impact on the fee.

## Whole of government accounts

- 15 I 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. The 2008/09 WGA consolidated pack will need to be produced in accordance with the International Financial Reporting Standards (IFRS).

## National Fraud Initiative

- 16 The Council participates in the National Fraud Initiative, which is the Audit Commission's computerised data matching exercise designed to detect fraud perpetrated against public bodies. This work will be carried out by an individual appointed to assist in the audit of the Council's accounts (in accordance with section 3(9) of the Audit Commission Act 1998).

## Certification of grant claims and returns

- 17 I 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.
  - 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 our audit 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 Our 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;
  - the specific 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, I have assumed that:
  - the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2007/08;
  - you will inform us of significant developments impacting on our audit;
  - internal audit meets the appropriate professional standards;
  - internal audit undertakes appropriate work on all systems that provide material figures in the financial statements sufficient that we can place reliance for the purposes of our audit;
  - our reports will only be presented to the audit committee;
  - good quality working papers and records will be provided to support the financial statements by 6 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, I 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 you. 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 6 Detailed audit and inspection fee**

Audit area	Planned fee 2008/09	Planned/Actual fee 2007/08	Page
<b>Audit</b>			
Financial statements	191,430	179,300	17
Use of resources	65,140	73,500	17
2009 Use of resources - prior to March 2009	26,900	-	
Extended Use of Resources	18,540	-	
Data quality	20,940	20,800	18
Whole of government accounts	1,620	1,550	19
National Fraud Initiative	-	1,050	
<b>Total audit fee</b>	<b>324,570</b>	<b>276,200</b>	
<b>Inspection</b>			
Relationship management	12,438	12,169	12
Direction of Travel	12,438	12,169	12
Service inspection	-	-	
Corporate inspection	-	114,124	
<b>Total inspection fee</b>	<b>24,876</b>	<b>138,462</b>	

<b>Audit area</b>	<b>Planned fee 2008/09</b>	<b>Planned/Actual fee 2007/08</b>	<b>Page</b>
<b>Total audit and inspection fee</b>	349,446	414,662	
Certification of claims and returns	65,000	70,000	19
Additional services work	-	-	

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

<b>Significant risks identified</b>	<b>Mitigating action by audited body</b>	<b>Residual audit risk</b>	<b>Action in response to residual audit risk</b>	<b>Link to auditor’s responsibilities</b>
<p>Providing an appropriate Use of Resources (UoR) judgement within the new assessment framework, which will include for the first time new areas such as leadership, sustainability, the use of natural resources, People and IT.</p>	<p>The Council is reviewing and improving elements of its arrangements including risk management arrangements and risk registers, which is the key aspect identified for improvement.</p>	<p>Yes</p>	<p>We will review your arrangements against the revised criteria governing the management of money; managing the business and other resources (including natural resources, physical assets, People and IT).</p> <p>Additional work will need to be carried in relation to those areas that are included within the new assessment for the first time including leadership, sustainability, aspects of use of natural resources, People and IT.</p>	<p>UoR KLOE and judgement</p>

Significant risks identified	Mitigating action by audited body	Residual audit risk	Action in response to residual audit risk	Link to auditor’s responsibilities
Whether we provide an appropriate VFM conclusion in 2008	The arrangements that are in place are being maintained and improved, where it is cost effective, so that they continue to be soundly based.	Yes	We will place reliance on our UoR assessment in reaching our vfm conclusion, and supplement this with additional work as required.	Value For Money conclusion
Implementation of the strategic service partnership	Close monitoring of progress and assessment of service provision	Yes	We will assess the Council’s response to the management of the legal, financial and operational risks associated with the post implementation phase of the project	VFM Conclusion and Use of Resources assessment.
Private finance initiative	Project management arrangements	Yes	Assessing how the legal, financial and operational risks are managed to secure VFM and a sound accounting treatment.	Opinion, VFM conclusion and Use of Resources assessment.
Below average performance in aspects of housing management performance	Issue has been recognised by the Council, which is implementing actions to address performance	Yes	Overview by the Housing Inspectorate of actions being taken to address performance.	VFM conclusion, Use of Resources assessment and Direction of Travel.



<b>Significant risks identified</b>	<b>Mitigating action by audited body</b>	<b>Residual audit risk</b>	<b>Action in response to residual audit risk</b>	<b>Link to auditor’s responsibilities</b>
Effective working with partners to improve the delivery of services to the population of the City	The Council is developing working relationships with key Health Service partners within the City	Yes	Assessment of the effectiveness of the joint planning and working between the Council, the City PCT and NHS Trust.	VFM conclusion, Use of Resources assessment and Direction of Travel.

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## Appendix 4 – Independence and objectivity

- 1 I am not aware of any relationships that may affect the independence and objectivity of the District Auditor and the audit staff, which we are required by auditing and ethical standards to communicate to you.
- 2 I comply with the ethical standards issued by the APB and with the Commission's requirements in respect of independence and objectivity as summarised below.
- 3 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 my 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).
- 4 The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.
- 5 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.
- 6 The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is the audit committee. The auditor reserves the right, however, to communicate directly with the Council on matters which are considered to be of sufficient importance.
- 7 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.

8 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.

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## Appendix 5 – Working together

### Meetings

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

**Table 7 Proposed meetings with officers**

Council officers	Audit Commission staff	Timing	Purpose
Chief Executive, Director of Resources, Monitoring Officer	District Auditor (DA) Audit Manager (AM) Local Performance Lead (LPL)	Quarterly: March, August, November, February	General update plus: <ul style="list-style-type: none"> <li>• March - Audit and Inspection Plan;</li> <li>• August - accounts progress and VFM; and</li> <li>• February – Use of Resources.</li> </ul>
Directors	CAAL/DA/AM/LPL	Annual	General update focussing on issues to inform our annual Direction of Travel assessment
Monitoring Officer	DA/AM	Quarterly	Update on legal and democratic issues
Head of Corporate Policy and Performance	AM and LPL	Quarterly	Update on CPA, VFM and Data Quality issues
Head of Finance	AM and TL	Monthly, and quarterly with Director of Resources	Update on audit and opinion issues
Chief Internal Auditor	AM and Team Leader (TL)	Monthly	Update on audit progress and issues
Audit Committee	DA and AM, with TL and/or LPL as appropriate	Quarterly	Formal reporting of: <ul style="list-style-type: none"> <li>• Audit and Inspection Plan;</li> <li>• annual governance report;</li> <li>• Annual Audit and Inspection Letter; and</li> <li>• other issues as appropriate.</li> </ul>

<b>Council officers</b>	<b>Audit Commission staff</b>	<b>Timing</b>	<b>Purpose</b>
Standards and Governance Committee	CAAL, DA, AM with TL and/pr LPL as appropriate	As appropriate	Formal reporting of: <ul style="list-style-type: none"> <li>• annual governance report; and</li> <li>• Annual Audit and Inspection Letter</li> </ul>

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## Sustainability

- 3 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 encouraging you to submit documentation and working papers electronically;
  - use of video and telephone conferencing for meetings as appropriate;
  - reducing travel; and
  - other initiatives.

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