

EXTERNAL AUDIT PLAN

Accountable Officer: Peter Timmins (Treasurer)

Author: Mike Hood (Assistant Treasurer (Audit and Customer Services)) -
MK252471

1. Purpose

- 1.1 To seek the Committee's views on establishing a process for ensuring that Members' views are taken into account when the District Auditor prepares his Audit Plan each year.

2. Summary

- 2.1 A number of approaches to feed Members' views into the District Auditor's Plan have been tried over the last two years. This Committee is asked to endorse the recommended approach.

3. Recommendations

- 3.1 That the process for ensuring Members' views are taken into account when the District Auditor prepares his plan each year should be undertaken in two stages. The stages are:
- (a) a report to the November meeting of the Scrutiny Commission for initial comments and views; and
 - (b) the views of the Scrutiny Commission, together with those of officers, are then reported to the February meeting of the Policy and Resources Committee for consideration before the Policy and Resources committee agrees the final plan.

(This approach may need to be revisited if committee structures change.)

4. **Background**

- 4.1 Each year the District Auditor (DA) prepares an audit plan for the authority. The plan has to meet the requirements of the Audit Commission's Code of Audit Practice and would be tailored to the needs of the Council. Whilst a large part of the DA's plan is consequently prescribed, the DA consults with both Members and officers in order to incorporate, as far as possible, views and concerns that may be expressed. This is particularly so in respect of the value for money (VFM) studies. This year the DA obtained views through a Members seminar and a meeting of senior Members and Chief Officers.
- 4.2 Tabled below is a breakdown of the type of audit work in the DA's Plan for this year. The full plan is **annexed** to this report. The Audit Commission currently recommend that some 30% of the external auditor's time should be spent on undertaking VFM work. This represents 169 days this year.

Table Showing A Breakdown Of The District Auditors Plan For The Year

TYPE OF WORK	DAYS
Planning, Managing and Reporting	90
Regularity and Probity	216
Value For Money	169
Best Value Tracking	15
DSO Statements	20
Grant Claims	110
TOTAL	620

- 4.3 The Scrutiny Commission, at its meeting on 8 June 1999, resolved that:
- (a) the Commission be informed of the process for the adoption of the External Audit Plan for 1999/2000, particularly the input of Members into the plan; and
 - (b) a report be submitted to the next meeting of the Commission, which considers a process for the adoption of future External Audit Plans which allows the Commission to input into the process.

5. **Issues and Choices**

5.1 Over the last two years a number of different approaches have been undertaken to pass Member and Officer views and comments back to the District Auditor as he finalises his Audit Plan. These include:

- (a) a report to the Scrutiny Commission;
- (b) a report to the Policy and Resources Committee;
- (c) a meeting of senior Members and officers; and
- (d) an open meeting for all Members.

5.2 The District Auditor attended most of the above to explain the drivers behind the construction of his plan and to describe the aims and objectives of the various value for money studies. The open meeting for Members was not well attended and this suggests that one of (or a combination of) the other three methodologies would suit Members better. Last year's approach of involving the Scrutiny Commission before reporting to the Policy and Resources Committee seemed to work well and this allowed both bodies to influence the plan.

5.3 A separate report will be prepared for the September meeting of the Scrutiny Commission to consider the role it will play in influencing the District Auditor's Plan.

5.4 It is acknowledged that the agreed process may need to be revisited if Committee structures change.

6. **Implications**

6.1 Environmental

None.

6.2 Equalities

None.

6.3 Financial

The annual cost of the external audit for this year is £213,500.

6.4 Legal

The Council is obliged to receive an external audit by virtue of Part II of The Audit Commission Act 1998.

6.5 Staff and Accommodation

The District Auditor's Team is based at Lloyds Court.

7. **Conclusions**

- 7.1 A number of approaches to feed Members' views into the District Auditor's Plan have been tried over the last two years. This Committee is asked to identify its preferred approach.

Background Papers: None