

Audit and Inspection Plan

July 2008



# **Audit and Inspection Plan**

**Chester-le-Street District 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 As a result of local government reorganisation (LGR) in Durham, 2008/09 will be the final year of operation of Chester le Street District Council. Our work has been tailored to reflect this position.
- 3 For 2008/09, the role of Relationship Manager has been 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 Comprehensive Area Assessment (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.
- 4 As we 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.

## Responsibilities

- 5 We comply with the statutory requirements governing our audit and inspection work, in particular:
  - the Audit Commission Act 1998;
  - the Local Government Act 1999; and
  - the Code of Audit Practice.
- 6 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.
- 7 The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies (from April 2008) 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.
- 8 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.

## Fees

- 9 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.
- 10 The total indicative fee for the audit and inspection work included in this audit and inspection plan for 2008/09 is for £127,800, which compares to the planned fee of £123,150 for 2007/08.
- 11 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**

<b>Audit area</b>	<b>Planned fee 2008/09</b>	<b>Planned/Actual fee 2007/08</b>	<b>Page</b>
<b>Total audit fee</b>	<b>£118,537</b>	<b>£110,920</b>	<b>9</b>
<b>Total inspection fee</b>	<b>£9,263</b>	<b>£12,230</b>	<b>13</b>
<b>Certification of claims and returns</b>	<b>£17,500</b>	<b>£19,000</b>	<b>20</b>

- 12 The Audit Commission scale fee for Chester le Street District Council is £101,649. The fee proposed for 2008/09 is +17 per cent compared to the scale fee and is within the normal level of variation specified by the Commission and is a reflection of the audit risks identified from the planning process.
- 13 In setting the fee, we have assumed that:
- the level of risk in relation to the opinion and VFM conclusion will increase as the demise of the Council draws even closer. This view is based on experiences of other local government reorganisations. Common problems have included increased risks of breakdown in internal controls, poor value for money and fraud and corruption;
  - internal audit undertakes appropriate work on all systems that they identify as high risk; and
  - good quality working papers and records will be provided to support the financial statements.

Further details of the assumptions are outlined in Appendix 2.

- 14 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.
- 15 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.
- 16 In order to deliver our responsibilities to give a value for money conclusion, we will need to monitor how the transition to a new unitary authority impacts upon the Council's governance arrangements in 2008/09. In particular we will need to:
  - review the Council's actions taken to mitigate the risks arising from LGR;
  - monitor the delivery of the Council's identified actions; and
  - consider any additional work which may need to be undertaken to deliver our responsibilities.
- 17 We have included a modest initial sum in the audit and inspection plan of each district council in County Durham to carry out additional work associated with LGR. This is an initial estimate of the additional fee required, but this will likely need to be revised during the year as the nature and extent of our audit work in this area becomes apparent. In this event we will follow the process outlined in paragraph 19 below, for agreeing changes in our fees.

### **Specific actions Chester le Street Council could take to reduce its audit fees**

- 18 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 a constructive relationship with the Council and expect our recommendations and reports to have a high profile. The majority of risks that are driving the increase in fees are external but continued prompt and robust implementation of our recommendations will contribute to improvements in arrangements and ultimately impact on audit fees.

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

- 19 As set out in paragraph 4, we expect that the initial risk assessment may change as the year progress. Where this is the case, we will discuss this in the first instance with the Acting Director of Resources. Supplements to the plan will be issued to record any revisions to the risk and the impact on the fee.



## Auditor's report on the financial statements

- 20 We are required to issue an audit report giving our:
- 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

- 21 We have not yet undertaken a detailed 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. A separate opinion plan for the audit of the financial statements will be issued in December 2008.
- 22 At this stage we are aware of the following risks that are likely to impact on our audit of the financial statements.
- Potential changes to the experience and knowledge of staff available to produce the financial statements following transfer of responsibility to the new unitary authority.
  - Possible weaknesses in internal controls resulting from secondments and leavers as a result of LGR.
- 23 The adoption of International Financial Reporting Standards (IFRS) is not required by local government bodies in 2008/09. However, there may be a requirement to prepare whole of government accounts (WGA) consolidation packs on the basis of IFRS. Further guidance is awaited.

### VFM conclusion

- 24 In reaching our conclusion, we will review evidence that is relevant to the Council's performance management and financial management arrangements.
- 25 The key risks highlighted from the planning are summarised in the table below with details of planned work to mitigate the risks. Full details of the risk assessment are outlined in Appendix 3.

**Table 2 Key risks identified**

<b>Key risks identified</b>	<b>Planned work to address the risk</b>
Risks arise from the potential loss of staff leading to potential breakdown in internal control and good governance arrangements.	Review the actions taken by the council to mitigate the risks and report as necessary.
Service continuity will be at risk during the transition. Performance management and risk management must be especially robust during the change period.	Review and comment on Risk and Performance management arrangements.

## Use of Resources

- 26 This audit plan covers the last year of the current regime for Use of Resources assessment. The work required to arrive at the Use of Resources assessment is fully aligned to that required to arrive the auditor's Value for Money conclusion.
- 27 Appendix 1 outlines the criteria and scoring.
- 28 The 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.

## Mandated work

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

- data quality for 2008/09; and
- whole of government accounts.

Appendix 1 highlights the work to be undertaken.

## CPA and inspection

- 30** 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.
- 31** 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. There will be no corporate assessments in County Durham during the year. Our inspection activity in 2008/09 will be governed by three factors:
- our role in driving continuous improvement through inspections;
  - the requirement on us to carry out Direction of Travel assessments at all councils; and
  - the added value that our independent assessment can bring to the new council.
- 32** Our inspection programme is designed to support the development of the new unitary council by assessing key areas of activity which are important in improving the quality of life in the county. On the basis of our previous work and of analysis of key issues, we have identified 'sustainable communities' as an important area for our inspection activity.

**Table 3 Summary of inspection activity**

<b>Inspection activity</b>	<b>Reason/impact</b>
CAAL role (incorporating previous Relationship Manager functions)	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	<p>An annual assessment, carried out by the CAAL, of how well the Council is securing continuous improvement. The DoT assessment will be reported in the Annual Audit and Inspection Letter.</p> <p>In all the County Durham district councils, we will consider how best to carry out our DoT in 2008/09. We may combine work to assess individual councils with some assessment of Direction of Travel issues across the county. We will also discuss reporting arrangements for the Direction of Travel before the transition to the new unitary council. We will discuss these points with you nearer the time of the assessments, which are planned for September 2008 to February 2009.</p>
<b>Inspection activity</b>	<b>Reason/impact</b>
Sustainable communities inspection	A county-wide inspection of all eight existing councils together of 'sustainable communities'. We will work with you to scope this inspection, which could include strategic planning, strategic housing, environmental, transport and economic development issues.

## Advice and assistance

- 33 We have power to provide 'advice and assistance' (A&A) to another public body where this is requested.
- 34 If you wish the Commission to provide additional services under these powers, please contact Janet Gauld, our regional lead on A&A ([j-gauld@audit-commission.gov.uk](mailto:j-gauld@audit-commission.gov.uk)) or Rodney Walker.

## 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 4 Audit and inspection team**

Name	Contact details	Responsibilities
Marion Talbot CAAL	<a href="mailto:m-talbot@audit-commission.gov.uk">m-talbot@audit-commission.gov.uk</a> 0844 798 1652	The 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.
Cameron Waddell District Auditor	<a href="mailto:c-waddell@audit-commission.gov.uk">c-waddell@audit-commission.gov.uk</a> 0844 798 1632	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 Council.
Rodney Walker Audit Manager	<a href="mailto:r-walker@audit-commission.gov.uk">r-walker@audit-commission.gov.uk</a> 0844 798 1633	Manages and co-ordinates the different elements of the audit work. Key point of contact for the Director of Finance.

## Quality of service

- 36 We are 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 the District Auditor in the first instance. Alternatively, you may wish to contact the Yorkshire and Humberside and North East Head of Operations, Dave Allsop.
- 37 If we are 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 5**      **Planned outputs**

<b>Planned output</b>	<b>Indicative date</b>
Annual governance report	30 September 2009
Auditor's report giving an opinion on the financial statements	30 September 2009
Final accounts memorandum	31 October 2009
Use of resources report	31 October 2009
Sustainable Communities Inspection report	Inspection activity autumn 2008; report published late 2008
Annual Audit and Inspection Letter	TBC
Annual governance report	30 September 2009

## Appendix 1 – Elements of our work

### Financial statements

- 1 We 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 We are 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 We are also required to review whether the Annual Governance Statement has been presented in accordance with relevant requirements, and to report if it does not meet these requirements or if the Annual Governance 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 the auditor to have regard to a standard set of relevant criteria, issued by the Audit Commission, in arriving at our conclusion.
- 5 In meeting this responsibility, we 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, we will normally place reliance on their reported results to inform our work.
- 6 We will also follow up our work from previous years to assess progress in implementing agreed recommendations.

## Use of resources assessment

- 7 The Use of Resources themes and KLOEs are outlined below.
- 8 We will arrive at a score of 1 to 4, based on underlying key lines of enquiry, for each of the following themes.

Theme	Description
Financial reporting	<ul style="list-style-type: none"> <li>• Preparation of financial statements</li> <li>• External reporting</li> </ul>
Financial management	<ul style="list-style-type: none"> <li>• Medium-term financial strategy</li> <li>• Budget monitoring</li> <li>• Asset management</li> </ul>
Financial standing	<ul style="list-style-type: none"> <li>• Managing spending within available resources</li> </ul>
Internal control	<ul style="list-style-type: none"> <li>• Risk management</li> <li>• System of internal control</li> <li>• Probity and propriety</li> </ul>
Value for money	<ul style="list-style-type: none"> <li>• Achieving value for money</li> <li>• Managing and improving value for money</li> </ul>

- 9 We will report details of the scores and judgements made to the Council. The scores will be accompanied, where appropriate, by recommendations of what the Council needs to do to improve.
- 10 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 the CPA.

## Data quality

- 11 Our data quality work 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 2007/08 performance indicators.
- 12 Work will be focused on the 2007/08 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.

- 13 The Audit Commission has specified that two housing benefit service indicators will be subject to audit as part of the stage 3 spot checks. To avoid duplication and maximise efficiencies between different elements of the audit, this approach has been planned so that we can draw on this work in conducting the later certification of the Council's Housing Benefit and Council tax claim. As a result, our planned fee for auditing the Council's grant claims has reduced.
- 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 We 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.

## National Fraud Initiative

- 16 From 2008/09 work relating to the National Fraud Initiative will be carried out directly by the Commission under its new data matching powers under the Serious Crime Act 2007. The Commission will be consulting audited bodies on the work programme and fee scales for the National Fraud Initiative later this year.

## Certification of grant claims and returns

- 17 We 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.
- 18 As highlighted above our planned fee for auditing the Council's grant claims has reduced. We will utilise information and assurances gained from our audit of two housing benefit performance indicators, carried out as part of our data quality assessment, in order to reduce the time required to audit the Council's Housing Benefit and Council tax claim.

## 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 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 The 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, we have assumed that:
  - the level of risk in relation to the audit of the financial statements will increase as the accounts will be prepared by the successor body and the arrangements for doing so are yet to be determined;
  - you will inform us of significant developments impacting on our audit;
  - internal audit meets the appropriate professional standards;
  - good quality working papers and records will be provided to support the financial statements;
  - 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**

<b>Audit area</b>	<b>Planned fee 2008/09</b>	<b>Planned/Actual fee 2007/08</b>	<b>Page</b>
<b>Audit</b>			
Financial statements	£78,164	£73,650	9
Use of Resources	£22,557	£23,400	11
Data Quality	£15,090	£10,800	19
Whole of government accounts and NFI	£2,726	£2,500	20
<b>Total audit fee</b>	<b>£118,537</b>	<b>£110,920</b>	
<b>Inspection</b>			
Relationship management	£2,986	£2,950	13
Direction of Travel	£2,986	£2,950	13
Service inspection	£3,291	£6,330	14
<b>Total inspection fee</b>	<b>£9,263</b>	<b>£12,230</b>	
<b>Total audit and inspection fee</b>	<b>£127,800</b>	<b>£123,150</b>	
Certification of claims and returns	£17,500	£19,000	20

## 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>LGR involves numerous use of resources risks including:</p> <ul style="list-style-type: none"> <li>• increased staff turnover and key vacancies leading to a breakdown in internal control;</li> <li>• misappropriation of assets, especially ICT;</li> <li>• a rush to spend money resulting in poor value for money; and</li> <li>• transitional arrangements for governance and business continuity.</li> </ul>	<p>There is a good transition agreement designed to effectively manage this high risk with an independent project manager appointed and transitional governance arrangements in place.</p>	<p>Yes</p>	<p>We will track LGR preparations, through meetings, review of minutes and enquiry into issues arising at other reorganised authorities.</p>	<p>All aspects of the VFM Conclusion to be given by 30 September 2009 and 2008 UOR assessment (especially themes 4.2, 4.3, 5.1 and 5.2).</p>

<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>Potential changes to the experience and knowledge of staff available to produce the financial statements following transfer of responsibilities to the new unitary council; and Possible weaknesses in internal controls resulting from secondments and leavers as a result of LGR.</p>	<p>Management are reviewing resource pressures at each of their fortnightly meetings.</p>	<p>Yes</p>	<p>Additional time may be required to cover additional risks arising during the audit of the financial statements.</p>	<p>Audit opinion on the Council's statement of accounts.</p>
<p>The adoption of International Financial Reporting Standards (IFRS) is not required by local government bodies in 2008/09. However, there may be a requirement to prepare whole of government accounts (WGA) consolidation packs on the basis of IFRS.</p>	<p>Staff are following developments and requirements. Although adoption of IFRS will be after 31 March 2009, the 2008/09 WGA return may require restating to be IFRS compliant.</p>	<p>Yes</p>	<p>Understanding of the requirements and review of closedown arrangements for WGA.</p>	<p>Opinion on the Whole of Government submission pack.</p>



## Appendix 4 – Independence and objectivity

- 1 We are 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 We 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 the 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.

## Appendix 5 – Working together

### Meetings

- 1 The audit and inspection team will maintain knowledge of your issues to inform audit and inspection through regular liaison with key officers.
- 2 Our proposal for meetings is as follows.

**Table 7 Proposed meetings with officers**

Council officers	Audit Commission staff	Timing	Purpose
Chief Executive	District Auditor (DA) Audit Manager (AM)	Quarterly: April, August, November, February	General update plus: <ul style="list-style-type: none"> <li>• April - Audit and Inspection Plan</li> <li>• June - accounts progress and VFM</li> </ul>
Acting Director of Resources	AM	Quarterly	Update on audit and opinion issues
Chief Internal Auditor	AM and TL	Quarterly	Update on audit progress and issues
Audit Committee	DA and AM, with TL 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>

### 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; and
  - reducing travel.