



<b>Report for:</b> <b>INFORMATION</b>
<b>Item Number: 6</b>

<b>Contains Confidential or Exempt Information</b>	<b>NO</b>
<b>Title</b>	Deloitte External Audit Plan 2018/19
<b>Responsible Officer(s)</b>	Ross Brown, Chief Finance Officer
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<b>Portfolio(s)</b>	Cllr Bassam Mahfouz– Finance & Leisure Services
<b>For Consideration By</b>	Audit Committee
<b>Date to be considered</b>	06 March 2019
<b>Implementation Date if Not Called In</b>	N/A
<b>Affected Wards</b>	All
<b>Keywords/Index</b>	Audit, Control, Deloitte

**Purpose of Report:**

Deloitte’s External Audit Plan 2018/19 sets out in detail how they will deliver the audit of the financial statements.

Deloitte are in attendance at this meeting and will present the Plan to members of the Committee.

- 1. Recommendations**
  - 1.1 It is recommended that the Audit Committee note Deloitte’s External Audit Plan for the 2018/19 closedown process.
- 2. Reason for Decision and Options Considered**
  - 2.1 This is a report for information; no decision is required.
- 3. Key Implications**
  - 3.1 The Code of Audit Practice sets out Deloitte’s audit responsibilities which are based on two key objectives, requiring them to review and report on the Council’s:

- Financial Statements (including the Annual Governance Statement); providing an opinion on the Council's accounts; and
- Value for Money; concluding on the arrangements in place for securing economy, efficiency and effectiveness in the Council's use of resources.

3.2 External audit is an essential element in the process of accountability for public money, making 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;
- Audit scope covers the audit of financial statements, value for money and the conduct of public business; and
- Auditors may report aspects of their work widely to the public and other key stakeholders.

3.3 Deloitte are required to satisfy themselves that the Council's accounts comply with the latest statutory requirements and that proper accounting practices have been observed in compiling them. To do this Deloitte will use a risk-based and proportionate approach, tailored to reflect local circumstances and their assessment of risks identified.

3.4 Deloitte's External Audit Plan 2018/19 sets out the audit approach, including the audit planning work which has been carried out during early 2019. A copy is attached at Appendix 1. The audit is due to commence following the submission of the accounts on 31 May 2019. Deloitte's team will be on site in June and July 2019.

3.5 Before the start of the audit, Deloitte set a money materiality level for planning purposes. For 2018/19 this is £23.2m for the Council's accounts (materiality was £15m for the council for 2017/18). Materiality for the Pension Fund accounts is normally applied at 1% of fund assets. The level will be finalised once the risk assessment and planning are complete (for 2017/18 materiality was £15m). Deloitte will report all audit differences over £1.2m for the Council's accounts.

3.6 On completion of their audit work Deloitte will present their report to those charged with governance (ISA260) to Audit Committee at the meeting in July 2019. This is consistent with last year and complies with the early closing requirements that are now mandatory.

#### **4. Financial**

4.1 The costs of the audit are set out at page 17 of the 2018/19 External Audit Plan. They cover the main audit at a cost of £0.128m and the Pension Fund audit at £0.016m. These costs have been budgeted for in 2018/19 and are reduced by 20% overall from the charge in 2017/18.

#### **5. Legal**

- 5.1 The Council has a duty to comply with the various Local Government Acts and Accountancy Regulations to ensure that its financial stewardship meets the appropriate legal requirements.
- 5.2 By virtue of section 4 of the Local Audit and Accountability Act 2014 (“the Act”), the Council’s accounts for a financial year must be audited by a local auditor appointed in accordance with the Act.
- 5.3 By virtue of section 20 of the Act, the auditor must be satisfied that the accounts comply with the requirements of the enactments that apply to them, and that proper practices have been observed in the preparation of the statement of accounts, and that the statement presents a true and fair view, and that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. In carrying out these functions, the auditor must comply with the relevant code of practice, and have regard to relevant guidance issued by the Comptroller and Auditor General.
- 5.4 Furthermore, the Council and the auditor must comply with all relevant regulations in relation to the preparation and auditing of accounts, including the Accounts and Audit Regulations 2015.

**6. Value for Money**

- 6.1 The External Audit Plan sets out the work to be carried out by Deloitte to reach a conclusion on the Authority’s arrangements to secure economy, efficiency and effectiveness in the running of its operations.

**7. Risk Management**

- 7.1 Deloitte will consider a number of factors when deciding on the significant audit risks which include; audit planning procedures, risks previously reported, critical estimates used, materiality, and, changes that have occurred in the authority’s operations since the last statements. A small number of areas have been identified to focus on during their 2018/19 work.

**8. Community Safety**

- 8.1 Not applicable.

**9. Links to Strategic Objectives**

- 9.1 The issues outlined in this report are linked to the Council’s core value of ‘delivery of national and local priorities’.

**10. Equalities and Community Cohesion**

- 10.1 No identified need for the completion of an Equality Impact Assessment.

**11. Staffing/Workforce and Accommodation implications:**

- 11.1 None

**12. Property and Assets**

12.1 None

**13. Any other implications:**

13.1 None

**14. Consultation**

14.1 As per the table below.

**15. Timetable for Implementation**

15.1 None

**16. Appendices**

Appendix 1: Deloitte External Audit Plan 2018/19

**17. Background Information**

None

**Consultation**

<b>Name of consultee</b>	<b>Post held</b>	<b>Date sent to consultee</b>	<b>Date response received</b>	<b>Comments appear in paragraph:</b>
<b>Internal</b>				
Ross Brown	Chief Finance Officer	21/2/2019		Throughout
Helen Harris	Director of Legal and Democratic	21/2/2019	22/2/2019	Paragraph 5
Maria Campagna	Head of Corporate Finance	21/2/2019	22/2/2019	Throughout
Cllr Bassam Mahfouz	Finance & Leisure Service			Throughout