

PART 1 - PUBLIC

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**Decision Maker:** Executive  
Audit Sub Committee

**Date:** 8<sup>th</sup> December 2010  
6<sup>th</sup> December 2010

**Decision Type:** Non-Urgent Non-Executive Non-Key

**Title:** EXTERNAL AUDIT REPORTS  
-2009/10 Report to those charged with  
governance (ISA 260)  
-2009/10 Annual Audit Letter

**Contact Officer:** Mark Gibson, Assistant Director Resources (Audit and Technical)  
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**Chief Officer:** Paul Dale, Deputy Chief Executive and Director of Resources

**Ward:** All

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1. Reason for report

Our external auditors, PwC, prepare the ISA 260 report to satisfy the requirements of (ISA (UK&I) 260) - Communication of audit matters with those charged with governance. This attached report summarises the results of the External audit work undertaken for the 2009/10 audit. It sets out:

- Matters arising from their audit of the financial statements, including the pension fund accounts, which they are required to report to you under the Audit Commission's Code of Audit Practice and International Standard on Auditing (UK & Ireland) 260 - "Communication of audit matters with those charged with governance"
- The results of their work under the Code of Audit Practice, to support the Value for Money conclusion
- Any changes to the audit plan(s) presented to you in November 2009
- An audit fee update.

The auditors have also prepared the Annual Audit Letter to provide a high level summary is accessible for members and other interested stakeholders. The matters reported in their Annual Audit Letter are those that they consider are the most significant for the Authority and a summary of the key recommendations that they have made can be found in Appendix A of the letter attached.

**RECOMMENDATION(S)**

Members are asked to note both reports

## Corporate Policy

1. Policy Status: Existing policy.
  2. BBB Priority: Excellent Council.
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## Financial

1. Cost of proposal: Estimated cost The external audit fee arrangements are set annually by the Audit Commission. The fee is calculated using a fee scale that takes into account the work required to deliver the requirements set out in the Audit Commission's Code of Practice and is adjusted along a range based on the external auditor's assessment of risk at a particular authority.
  2. Ongoing costs: Recurring cost.
  3. Budget head/performance centre: External Audit fees
  4. Total current budget for this head: £286,000
  5. Source of funding: General Fund
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## Staff

1. Number of staff (current and additional): n/a
  2. If from existing staff resources, number of staff hours: n/a
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## Legal

1. Legal Requirement: Statutory requirement. The external audit framework for local government is set out in the Audit Commission Act 1998. As part of this framework the Audit Commission has established a Code of Practice, which sets out the requirements of external auditors. These requirements, along with the International Standards on Auditing cover what information should be reported to 'those charged with governance'
  2. Call-in: Call-in is not applicable.
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## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All stakeholders
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## Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments:

### 3. COMMENTARY

#### ISA 260 Report

Our external auditors, PwC, prepare this report to satisfy the requirements of (ISA (UK&I) 260) - Communication of audit matters with those charged with governance. This report summarises the results of their 2009/10 audit. It sets out:

- Matters arising from their audit of the financial statements, including the pension fund accounts, which they are required to report to you under the Audit Commission's Code of Audit Practice and International Standard on Auditing (UK & Ireland) 260 - "Communication of audit matters with those charged with governance"
- The results of their work under the Code of Audit Practice, to support the Value for Money conclusion
- Any changes to the audit plan(s) presented to you in November 2009
- An audit fee update.

#### Annual Audit Letter

PwC have also prepared the above letter to provide a high level summary of the results of the 2009/10 audit work that has been undertaken at the London Borough of Bromley, that is accessible for members and other interested stakeholders.

The matters reported in their Annual Audit Letter are those that they consider are the most significant for the Authority and a summary of the key recommendations that they have made can be found in Appendix A of the letter attached.

#### FINANCIAL IMPLICATIONS

The external audit fee arrangements are set annually by the Audit Commission. The fee is calculated using a fee scale that takes into account the work required to deliver the requirements set out in the Audit Commission's Code of Practice and is adjusted along a range based on the external auditor's assessment of risk at a particular authority. The fee is negotiated each year.

#### LEGAL IMPLICATIONS

The external audit framework for local government is set out in the Audit Commission Act 1998. As part of this framework the Audit Commission has established a Code of Practice, which sets out the requirements of external auditors. These requirements, along with the International Standards on Auditing cover what information should be reported to 'those charged with governance'

<b>Non-Applicable Sections:</b>	
Background Documents: (Access via Contact Officer)	