

PART 1 - PUBLIC

Decision Maker: **Audit Sub Committee**

Date: **16th March 2011**

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

Title: **EXTERNAL AUDIT REPORTS-2010/11 ANNUAL AUDIT PLAN
AND 2010/11 PENSION FUND AUDIT PLAN**

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

Ward: All

1. Reason for report

1.1 This report informs Members of the external audit activity for 2010/1 annual audit plan and pension fund plan.

2. **RECOMMENDATION(S)**

Members are asked to note the reports and comment on them as appropriate

Corporate Policy

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

1. Cost of proposal: N/A
 2. Ongoing costs: Recurring cost.
 3. Budget head/performance centre: External Audit
 4. Total current budget for this head: £317,110 excluding Pension and Grant certification fees.
 5. Source of funding: N/A
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Staff

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

1. Legal Requirement: Statutory requirement. Code of Audit Practice
 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: None

3. COMMENTARY

The attached reports issued by the external Auditor are presented for Member information and comment. A representative from PWC Bromley's External Auditors will be present at the meeting.

3.1 External Audit plan 2010/11

The attached 2010/11 External Audit Plan has been prepared to inform the officers and Members of London Borough of Bromley (the Council) about the responsibilities the external auditors have and how they plan to discharge them.

The audit fee for the London Borough of Bromley is calculated using a fee scale formula set by the Audit Commission. A scale fee is set for the authority based on its size and location and can be adjusted up or down based on the auditors assessed level of risk. The adjustment for risk can be made within a range of plus 25% or minus 20% of the scale fee.

In PWC's experience the majority of local authorities are assessed at or close to the scale fee, however, they have assessed the London Borough of Bromley as low risk and therefore have reduced the calculated scale fee of £361,500 by the maximum 20%.

This plan sets out in more detail the proposed audit approach for the year. Every Council is accountable for the stewardship of public funds. The responsibility for this stewardship is placed upon the Members and officers of the Council. The external auditor's principal objective is to carry out an audit in accordance with the Audit Commission's Code of Audit Practice (the Code) that was last updated in March 2010.

Based upon discussion with management and the external auditor's understanding of the Council and the local government sector, recent developments and other relevant risks have been factored in. The Plan has been drawn up to consider the impact of these developments and risks.

The external auditor also thanks Members and officers of the Council for their help in putting together this Plan. The Plan outlines the audit approach for the period 1 April 2010 to 31 March 2011, including the 2010/11 final accounts audit which is undertaken in the summer of 2011. The detailed plan is attached. (appendix 1)

3.2. Pension Fund Audit Plan 2010/11

The attached Pension Fund Audit Plan 2010/11 sets out details of the proposed areas of coverage based on an assessment of business audit risks. The audit of the Pension Fund is carried out in accordance with the Audit Commission's Code of Practice.

4. FINANCIAL IMPLICATIONS

External Audit fees for 2010/11 work are estimated at £374,200. Included in this amount is a fee of £35,000 for audit of the pension fund.

Non-Applicable Sections:	Legal and Personnel
Background Documents: (Access via Contact Officer)	Use of Resources report 2008/9