

By: John Simmonds, Cabinet Member for Finance
Andy Wood, Acting Director of Finance

To: Governance and Audit Committee – 16 March 2011

Subject: **Audit Commission - Audit Opinion Plan**

Classification: Unrestricted

Summary: The attached plan sets out the proposed work of the Audit Commission to enable them to give an opinion on the Council's 2010/11 financial statements.

FOR DECISION

Introduction

1. The Audit Commission are required to provide the Committee, defined as those charged with governance under International Standards of Auditing, an update on the proposed work in relation to the Council's financial statements. The report attached sets out the results of the Audit Commission's latest risk assessment in relation to their audit of the financial statements and provides information on:
 - Assumptions underpinning the fee for the audit
 - Specific actions Kent County Council could take to reduce its audit fees
 - The Auditors Report
 - Identification of risks to the audit opinion
 - The Audit testing strategy and timetable

Issues for the Committee to note

2. The proposed fee for the audit of the financial statements and value for money conclusion is set at £345,914. This is a change from the original fee proposed by the Audit Commission, and challenged by the Committee over the last two meetings. The reduction in the fee from that notified to the Committee in November 2010 is the result of a further rebate from the Audit Commission of £14,592. This is to reflect the change in the Audit Commission's approach in relation to the value for money aspect of their work.
3. At the November 2010 members will remember that it was agreed to defer the approval of the audit fee for the Value for Money element of the plan, subject to sight of the Commission's testing strategy. This is set out in the table following on from paragraph 19.
4. The report sets also sets out the results of the Audit Commission's risk assessment in relation to their opinions on the financial statements and the Council's arrangements for value for money. Paragraphs 12 through 19 and Table 1 of the report sets out the specific risks to the opinion, and the work

proposed to mitigate these. Paragraphs 20 to 22 and Table 2 set out the proposed timetable for the opinion audit, including reporting to the Committee.

Recommendations

5. Members of the Committee are asked to:

- Review the outcomes of the Audit Commission's updated risk assessment and the assumptions supporting the fee, and
- Approve the audit plan and the revised fee.

David Tonks
Head of Audit and Risk
Ext: 4614