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To: Governance and Audit Committee – 18 April 2012

Subject: **Audit Commission: Audit Opinion Plans 2011/2012**
Kent County Council and Kent Superannuation Fund

Classification: Unrestricted

Summary: The attached plans set out the proposed work of the Audit Commission to enable them to give an audit opinion on the Council's 2011/12 financial statements including the Kent Superannuation fund.

FOR DECISION

Introduction

1. The Audit Commission are required to provide the Committee (defined as "Those Charged with Governance" under International Standards of Auditing) with an audit opinion plan covering proposed work in relation to the Council's financial statements (which includes Kent Superannuation Fund). The reports attached set out the results of the Audit Commission's latest risk assessment in relation to their audit of the financial statements including Kent Superannuation Fund and provides information on:
 - Assumptions underpinning the fee for the audit
 - Identification of risks that impact the work that the Audit Commission propose
 - The audit testing strategy and timetable.

Issues for the Committee to note

2. The fee for the audit of the financial statements (including Kent Superannuation Fund) reflects the Audit Commission's decision not to increase fees in line with inflation and a reduction following the one-off work associated with the first time adoption of International Financial Reporting Standards.
3. The proposed fee for the audit of financial statements and value for money conclusion is £346,500 (2010/2011 - £385,000). The proposed fee for the audit of the Kent Superannuation Fund is £49,170 (2010/2011- £50,000). These fees are set at the "scale" (the average fee that the Audit Commission has set centrally for a County Council of Kent's size) and were approved at Committee on 30 June 2011.

4. The Kent County Council and Kent Superannuation Fund Audit Plan reports emphasise the respective responsibilities of the Auditors and the Audited Body and set out the results of a risk assessment in relation to their opinion on the financial statements and the Council's arrangements for value for money. Tables 1 and 2 in both reports set out significant and specific risks to the audit opinion and the work proposed to mitigate these. Table 4 of the Kent County Council Audit Plan report outlines the risks in relation to the value for money conclusion and the audit response.
5. Both reports set out the proposed timetable for the opinion audit including reporting to Committee.

Recommendation

6. Members of the Committee are asked to:
 - Review the outcomes of the Audit Commission's updated risk assessment.
 - Approve the Audit Plans for Kent County Council and the Superannuation Fund for 2011/2012.

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