

HERTFORDSHIRE COUNTY COUNCIL**AUDIT COMMITTEE
MONDAY 15 MAY 2018 AT 10.00 AM****2017/18 AUDIT PLAN**Report of the Director of Resources

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1. Purpose of the Report

- 1.1 To present to the Committee the Audit Plans for the 2017/18 audits of the Council and Pension Fund accounts.

2. Summary

- 2.1 Ernst Young LLP (EY) have provided the Council with their Audit Plans for the audit of the Council accounts (Appendix 1) (p3) and Pension Fund accounts (Appendix 2) (p45) for the financial year 2017/18.
- 2.2 The Audit Plan is a standard annual document that is updated for latest information each year. It is a formal aspect of the annual audit of the Hertfordshire County Council accounts undertaken by the External Auditor. It follows the letters recently exchanged between the Chairman of the Audit Committee, the Director of Resources, and the External Auditor (EY), which set out any changes or issues encountered during the last year and which confirm the Council's management arrangements.
- 2.3 The Committee is invited to note the reports. The content of the plans is determined by the External Auditor independently of the governance of the Council, so the Committee is unable to request changes to the plan. The plans are prepared on the basis of an assessment made by EY of the risks being faced by the Council.
- 2.4 As noted by the Committee in the last meeting, the Audit Plans were not ready for the meeting as was expected. This was due to unavoidable delays in the final sign off of the plan within EY (the plans themselves had been prepared and all necessary early actions were under way).
- 2.5 The plans set out
- A summary of areas of focus indicating changes from last year's approach
 - Materiality thresholds
 - Audit risk assessment
 - Value for Money Risks (for the Council's accounts)
 - Audit Materiality
 - Audit Scope
 - Audit Team and Timeline

- 2.6 Materiality thresholds have been reviewed and the Committee should note that, for the Council's accounts, all uncorrected misstatements greater than £1.78m will be reported to the Committee (p21). For the Pension Fund, uncorrected misstatements greater than £4.2m will be reported (p50). For both audits there is an overall change to 2% materiality: this will not affect the level of detail reported to the Committee.
- 2.7 Fees are expected to be £142,067 for the audit of the Council's financial statements which is the same as the 'scale fee' (the estimated charge based on the relative scale and complexity of the organisation). The fee for the Pension Fund audit is expected to be £33,491, which is the scale fee plus £5,500 for additional work required to respond to IAS19 assurance requests from scheduled bodies. This fee is consistent with that agreed for 2016/17.
- 2.8 Also attached is an 'Audit Progress Report' (Appendix 3) (p77) for the audit of the Council's accounts. Recognising the delay in presentation of the plan, the audit team have provided a report which sets out the progress already made on this audit plan in more detail, by way of reassurance to the Committee that good progress is being made towards the reporting deadlines.

3. Recommendations

- 3.1 The Committee is invited to note and comment upon the EY audit plans for the Council and Pension Fund accounts, and their audit progress report.