

**EXTERNAL AUDIT PLAN 2013-14**  
**WDA/13/14**

**Recommendation**

That:

1. Members note the planned audit work and fees proposed by the external auditor, Grant Thornton, for 2013/14.

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**EXTERNAL AUDIT PLAN 2013-14**  
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**Report of the Treasurer**

**1. Purpose of the Report**

- 1.1 The external auditor, Grant Thornton, is required to develop a plan setting out their proposed work programme before they carry out their substantive work. The plan summarises the proposed work and identifies whether their initial work has identified any areas for improvement for the Authority. Members of the Authority are required to consider and approve the plan before the external auditor's substantive work is commenced.

**2. Background**

- 2.1 The Authority is statutorily required to have an external audit to provide assurance about the statement of accounts and the adequacy of its value for money arrangements. The Authority's external auditor, Grant Thornton, was appointed by the Audit Commission for a period of five years. This is the second year of the appointment. As is normal practice Grant Thornton has carried out an initial review of the systems and risks at the Authority in order to develop a risk based audit plan for consideration by Members of the Authority. The plan sets out the proposed work that Grant Thornton will carry out at the Authority to enable them to provide an audit opinion and a value for money conclusion.

**3. The Audit Plan**

- 3.1 The proposed Audit Plan for 2013-14 is attached at appendix 1 to this report. The plan sets out a number of sections showing how the auditors assess risk and develop a plan to respond to the risks they have identified. The plan includes the following sections:
- Understanding your business – where significant issues at the Authority are recognised;
  - Developments relevant to your business and the Audit – showing wider issues that may be of relevance to the Authority and its activities and therefore which may have an impact on the audit;

- Our audit approach – summarising the way that Grant Thornton consider risk, develop their plan, and carry out their work;
- Significant risks identified – setting out a view of risks that often arise in similar organisations and the auditor’s proposed response;
- Other risks identified – these are risks that might particularly arise at this Authority and again setting out the auditor’s proposed response;
- Group audit scope and risk assessment – showing the extent of the external auditor’s proposed work on the Authority’s Group Accounts;
- Value for money – confirming the proposed audit approach at this Authority to reaching a conclusion on Value for Money;
- Results of interim work – showing a summary of the auditor’s findings, including proposals for improvement;
- Logistics and our team – introducing the Audit team (there are some changes this year) and the proposed timing of their work;
- Fees and independence – confirming the fee remains at the level set by the Audit Commission and that the auditor is independent;
- Communication of Audit Matters to those charged with governance – setting out the planned outputs from the audit and the timing of those reports; and
- Appendix – an action plan showing the recommendations and management response, to matters arising from the interim audit.

3.2 The plan includes two recommendations arising from the external auditor’s initial work, these include confirmation that when the Authority purchases goods from a new supplier that the new supplier details are authorised properly; and to disclose in the accounts the basis for valuing the assets included in the Authority’s balance sheet. Both these recommendations have been agreed by management and a response is included in the action plan.

#### **4. Risk Implications**

- 4.1 The Authority’s Audit Plan is developed by Grant Thornton using their risk-based approach to audit planning in line with Auditing Standards.
- 4.2 The proposed work plan takes account of risk assessments made by Grant Thornton in preparing for their work and has been developed through discussions with Authority officers and review of documentation and processes at the Authority.
- 4.3 The auditor sets out how the risks will be addressed through a comprehensive audit plan.

- 4.4 Grant Thornton will reassess risks throughout the year which will inform the proposed audit work.
- 4.5 Without an approved external audit plan the Authority faces the risk of not having an external audit opinion on its statement of accounts and of not having a value for money conclusion provided. Without these risks being addressed the Authority risks failing to demonstrate it has met its statutory responsibilities.

## **5. HR Implications**

- 5.1 There are no HR implications associated with this report.

## **6. Environmental Implications**

- 6.1 There are no HR implications associated with this report

## **7. Financial Implications**

- 7.1 The scale fee already included in the budget approved by Members on 31 January 2014 for the 2013-14 audit is £39,150. This remains significantly lower than under the previous external audit regime

## **8. Conclusion**

- 8.1 Members are asked to note the planned audit work and fees proposed by the external auditor, Grant Thornton, for 2013/14.

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The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 - Nil.