



AUDIT COMMITTEE

29 February 2012

Subject Heading:

EXTERNAL AUDIT PLAN 2011/12

Report Author and contact details:

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Policy context:

To consider the External Audit plan.

Financial summary:

N/A

REPORT OF THE CHIEF EXECUTIVE

SUMMARY

The attached report, Appendix 1, advises the Audit Committee of the proposed External Audit Plan for 2011/12.

The Council's External Auditors, PricewaterhouseCoopers (PwC), will be at the meeting to present the report.

RECOMMENDATIONS

1. To note the contents of the plan.
2. To raise any issues of concern and ask specific questions of officers or external auditors where required.

REPORT DETAIL

PricewaterhouseCoopers (PwC) are the current External Auditor for the London Borough of Havering, as appointed by the Audit Commission.

This plan has been developed with the assistance of Council officers and has been approved by the Chief Financial Officer.

The attached plan contains the following sections to outline the External Auditors planned approach:

- Introduction;
- Scope of audit;
- Audit approach;
- Key Risks
- Recent developments;
- Audit engagement team and independence;
- Communications plan;
- Timetable;
- Audit fees;
- Risk of fraud;
- Other engagement information.

IMPLICATIONS AND RISKS

Financial implications and risks:

. The attached plan confirms the details of the proposed fee as follows:

The total audit fee from the 2010/11 plan was £378,010. The fee now proposed for the 2011/12 audit is £368,099. This represents a reduction of 2.6% compared to last years plan. In addition, a further charge of £76,875 will be made for the certification of claims and returns, which is 1.4% lower than that included in the 2010/11 plan. It is estimated that an additional £10,000 will be payable in connection with Oracle 12 testing. The total audit fee included the sum of £35,500 in connection with the pension fund audit.

A comparison of the proposed fee against the sums actually charged in 2010/11 is shown in the table below:

Element	2011/12 Fee £	2010/11 final Fee £
Audit of accounts	342,599	346,333
Certification of claims and returns	76,875	80,933
Pension Fund	35,500	35,500

The fee does not include any additional time required to audit grants, any additional work requested by the Council, and any additional work generated outside any assumptions on which the fee is based. As the letter indicates, the quoted fee is an estimate and may change to reflect the actual content of the audit plan.

There are no other financial implications or risks arising directly from this report.

Legal implications and risks:

None arising directly from this report

Human Resources implications and risks:

None arising directly from this report

Equalities implications and risks:

None arising directly from this report

BACKGROUND PAPERS