



AUDIT COMMITTEE

28 February 2013

Subject Heading:

EXTERNAL AUDIT PLAN 2012/13

Report Author and contact details:

Chris Hughes
Chris.hughes@uk.pwc.com
PricewaterhouseCoopers

Mike Board
Corporate Finance & Strategy Manager
Tel: 01708 - 432217
E-mail : mike.board@havering.gov.uk

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 2012/13.

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.

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 2011/12 plan was £343,099. The fee now proposed for the 2012/13 audit is £202,359. This represents a reduction of 59% compared to last years plan. In addition, a further charge of £34,000 will be made for the certification of claims and returns, which is 49% lower than that included in the 2011/12 plan. A sum of £2,500 is included in connection with Oracle 12 testing. An audit fee of £21,000 is payable in connection with the pension fund audit as compared with £70,000 in 2011/12, a reduction of 60%. This is payable by the Pension Fund.

A comparison of the proposed fee against the sums actually charged in 2011/12 is shown in the table below:

Element	2012/13 Fee £	2011/12 final Fee £
Audit of accounts	202,359	378,000
Certification of claims and returns	34,000	77,000
Pension Fund	21,000	35,000

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