



Audit Committee

30th January 2020

Title	External Audit Plan 2019/20
Report of	Director of Finance
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Audit Planning Report: 2019/20
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Summary

The purpose of the report is to advise the committee of BDO's audit plan for 2019/20. This report forms a key part of the Council's communication strategy with our external auditor BDO LLP, a strategy which is designed to promote effective two-way communication throughout the audit process with those charged with governance.

It summarises the planned audit strategy for the year ending 31 March 2020 in respect of BDO's audit of the financial statements of the Council and consolidated entities (together the 'Group') and use of resources; comprising materiality, key audit risks and the planned approach to these, together with timetable and the BDO team.

The planned audit strategy (and proposed fee variation) will be discussed management to ensure that it incorporates developments in the business during the year under review, the results for the year to date and other required scope changes.

Recommendations

1. **The Audit Committee note BDO's audit plan for 2019/20; and**
2. **The Audit Committee note the final audit fee of £168,741 for 2018/19 audit and the fee of £29,250 for certification of the housing benefits subsidy return, as set out in the Audit Planning Report (Appendix A); and**
3. **The Audit Committee note the 2019/20 proposed audit fee of £170,919 (including fee variation request of £40,000) and the fee for certification of the housing benefits subsidy return, as set out in the Audit Planning Report (Appendix A) and presented by BDO LLP; and**
4. **The Audit Committee provide any comments on the Audit Plan that they may have.**

1. WHY THIS REPORT IS NEEDED

- 1.1 The purpose of the audit plan is to highlight to the Committee the key elements of BDO's external audit strategy for the audit for the year ended 31 March 2020.

2. REASONS FOR RECOMMENDATIONS

- 2.1 To ensure that the Audit Committee are aware of the external audit scope and objectives, overall audit strategy, key audit risks and the proposed audit fees for 2019/20.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None

4. POST DECISION IMPLEMENTATION

- 4.1 BDO's audit plan for 2019/20 will dictate what is reported to the Audit Committee as part of the audit process.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The audit plan will assess fundamental aspects of financial standing and performance management in Barnet that relate to the key theme of 'value for money' relating to the Council's corporate priorities.

5.2 Resources (Finance and Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 This report sets out the engagement timetable and framework for the assessment of the Council's financial reporting, management and standing, as well as value for money. The proposed fee for the core audit is £170,919 which includes a proposed fee variation and will be paid out of Corporate Fees within the Central Expenses budget heading.

- 5.2.2 The proposed fee variation will be discussed with management prior to agreement. The core fee is agreed between the PSAA and BDO as a scale fee determination under their contract. It can be amended where necessary in

agreement with the local authority.

5.3 Social Value

5.3.1 None in the context of this decision

5.4 Legal and Constitutional References

5.4.1 The Council's Constitution (Article 7) sets out the terms of reference for Committees. The responsibilities for the Audit Committee include providing "independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting process".

5.5 Risk Management

5.4.1 The audit plan for the year ended 31 March 2020 highlights the Council's statutory responsibility in respect of producing the financial statements. Without appropriate closedown processes in place and references to local government financial reporting policies there is a risk that statutory deadlines may be missed or accounting policies misinterpreted without the appropriate reference to the external auditor's views or concerns. The consequence of this could result in a qualified audit opinion on the financial statements or a qualified value for money opinion.

5.6 Equalities and Diversity

5.6.1 The audit planning report 2019/20 has the potential to cover the inspection and assessment of all services within the authority that, in turn, impacts on all members of the community.

5.7 Corporate Parenting

5.7.1 None in the context of this decision

5.8 Consultation and Engagement

5.5.1 There are no consultations or engagements relevant to this report

6. BACKGROUND PAPERS

6.1 The purpose of the audit planning report is to highlight the key elements of BDO's 2019/20 external audit strategy for the Council. It is compiled based on their audit risk assessment and discussions of key risks with management. It is reported to the Audit Committee as those charged with governance for consideration in accordance with International Standard on Auditing (UK & Ireland) 260.

6.2 The audit plan for the year ended 31 March 2020 sets out the planned BDO external audit team and the engagement timetable.

- 6.3 **The audit plan for 2019/20 details the audit scope and objectives in accordance with the NAO Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the NAO. This will enable BDO to form an opinion on whether:**
- 6.4 The financial statements give a true and fair view of the financial position of the group and authority and their expenditure and income for the period in question.
- 6.5 The financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.
- 6.6 Other information published together with the audited financial statements is consistent with the financial statements (including the governance statement).
- 6.7 The return required to facilitate the preparation of Whole of Government Accounts (WGA) consolidated accounts is consistent with the audited financial statements.
- 6.8 The authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.