

Audit and Inspection Plan

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# **Audit and Inspection Plan**

**Lancaster City Council**

**Audit 2007/08**

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## Introduction

- 1 This plan has been developed by the Relationship Manager and the Appointed Auditor, KPMG LLP. It sets out the audit and inspection work that it is proposed to undertake for the 2007/08 financial year. The plan is based on the Audit Commission's risk-based approach to audit planning and the requirements of Comprehensive Performance Assessment (CPA). It reflects:
  - audit and inspection work specified by the Audit Commission for 2007/08;
  - current national risks relevant to your local circumstances; and
  - your local risks and improvement priorities.
- 2 Your Relationship Manager will continue to ensure integration and co-ordination with the work of other inspectorates as appropriate.
- 3 The audit planning process for 2007/08, including the risk assessment is an ongoing process and will continue as the year progresses, and the information and fees in this plan will be kept under review and updated as necessary.

## Responsibilities

- 4 We comply with the statutory requirements governing our audit and inspection work, in particular:
  - the Audit Commission Act 1998;
  - the Local Government Act 1999 (best value inspection and audit); and
  - the Code of Audit Practice.
- 5 The Code of Audit Practice (the Code) defines auditors' responsibilities in relation to:
  - the financial statements (including the statement on internal control (SIC)); and
  - the audited body's arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 6 The Audit Commission's Statement of responsibilities of auditors and of audited bodies sets out the respective responsibilities of the auditor and the Council. The Audit Commission has issued a copy of the Statement to every audited body.
- 7 The Statement summarises where the different responsibilities of auditors and of the audited body begin and end, and our audit work is undertaken in the context of these responsibilities.

## CPA and Inspection

- 8 The Audit Commission's CPA and inspection activity is underpinned by the principle of targeting our work where it will have the greatest effect, based upon assessments of risk and performance.
- 9 The Council's CPA category is therefore a key driver in the Commission's inspection planning process. For CPA 2004, the Council was categorised as demonstrating fair overall performance.
- 10 The 2006 District Council CPA framework allows for district councils to apply for re-categorisation as a result of their improvement since the last assessment. In October 2006, the Council applied to be considered for re-categorisation. An Audit Commission regional panel considered the application together with a range of evidence including service performance, progress (direction of travel) assessments, the use of resources score and other judgements from key stakeholders. The panel decided that there is a realistic prospect of a change in category following a corporate assessment inspection.
- 11 We have applied the principles set out in the CPA framework, *CPA – the Harder Test*, recognising the key strengths and areas for improvement in the Council's performance.
- 12 Strengths in the Council's performance identified by the Commission's Direction of Travel work and reported in July 2007 in the 2005/06 Annual Audit and Inspection Letter include:
  - performance in national and local priority areas is improving. Current performance levels are comparatively good with 42 per cent of indicators in the top band compared with a district council average of around 30 per cent.
  - continuing to develop the performance management approach to tackle those areas of comparative lower performance.
  - the Council's benefits service, which was reviewed by the Benefit Fraud Inspectorate and assessed as achieving an excellent performance, a significant improvement on the assessment in 2003.
  - the Council is establishing a more coordinated, corporate approach to consultation and community engagement so that the priorities and needs of local people are more clearly reflected in Council priorities and plans.
- 13 Areas for improvement in the Council's performance identified by the Commission's Direction of Travel work and reported in July 2007 in the 2005/06 Annual Audit and Inspection Letter include:
  - monitoring the implementation of the recommendations arising from the waste management inspection.
  - continuing to develop and embed the approach to workforce planning, equality and diversity and the approach to tackling staff absence.
  - continuing to develop the performance management approach to tackle those areas of comparative lower performance.

- driving forward the Council's contribution in the development of the governance and accountability arrangements within the Lancashire Children and Young People Partnership to ensure responsibilities under the Children Act 2004 are met.

14 On the basis of our planning process we have identified where our inspection activity will be focused for 2007/08 as follows.

**Table 1 Summary of inspection activity**

<b>Inspection activity</b>	<b>Reason/impact</b>
Relationship Manager (RM) role	To act as the Commission's primary point of contact with the Council and the interface at the local level between the Commission and the other inspectorates, government offices and other key stakeholders.
Direction of travel (DoT) assessment	An annual assessment, carried out by the RM, of how well the Council is securing continuous improvement. The DoT label will be reported in the CPA scorecard alongside the CPA category. The DoT assessment summary will be published on the Commission's website.
Corporate assessment	We will carry out a corporate assessment in line with the processes set out in CPA - the Harder Test.

## Work under the Code of Audit Practice carried out by the Appointed Auditor

### Financial statements

- 15 KPMG LLP, as the Council's external auditors from 2007/08, will carry out the audit of your financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).
- 16 We will issue an opinion on whether the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Council as at 31 March 2008 and its income and expenditure for the year.
- 17 We are also required to review whether the Statement on Internal Control (SIC) has been presented in accordance with relevant requirements, and to report if it does not meet these requirements or if it is misleading or inconsistent with our knowledge of the Council.

### Use of resources

#### Value for money conclusion

- 18 The Code requires us to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion. In arriving at our conclusion we consider a standard set of criteria issued by the Audit Commission.
- 19 In meeting this responsibility, we will review evidence that is relevant to the Council's corporate performance management and financial management arrangements. Where relevant work has been undertaken by other regulators we will normally place reliance on their reported results to inform our work. Our assessment will be undertaken over a 12 month period and will consider both the existence and operational effectiveness of the Authority's arrangements to deliver economic, efficient and effective use of resources.
- 20 We will also follow up our work from previous years to assess progress in implementing agreed recommendations.

## Use of resources assessment

- 21 The Audit Commission has specified that auditors will complete a use of resources assessment for 2007/08. The assessment focuses on the importance of having sound and strategic financial management to ensure that resources are available to support the Council's priorities and improve services. The use of resources assessment for 2007 will be undertaken by the Audit Commission and our work will commence in 2008.
- 22 The work required to arrive at the use of resources assessment is fully aligned with that required to arrive at the auditor's value for money conclusion.
- 23 We will arrive at a score of 1 to 4, based on underlying key lines of enquiry, for each of the following themes:

Theme	Description
Financial reporting	<ul style="list-style-type: none"><li>• preparation of financial statements</li><li>• external reporting</li></ul>
Financial management	<ul style="list-style-type: none"><li>• medium-term financial strategy</li><li>• budget monitoring</li><li>• asset management</li></ul>
Financial standing	<ul style="list-style-type: none"><li>• managing spending within available resources</li></ul>
Internal control	<ul style="list-style-type: none"><li>• risk management</li><li>• system of internal control</li><li>• probity and propriety</li></ul>
Value for money	<ul style="list-style-type: none"><li>• achieving value for money</li><li>• managing and improving value for money</li></ul>

- 24 We will report details of the scores and judgements made to the Council. The scores will be accompanied, where appropriate, by recommendations of what the Council needs to do to improve its services.
- 25 The auditor's scores are reported to the Commission and are used as the basis for its overall use of resources judgement for the purposes of CPA.



## Data quality

- 26** The Audit Commission has specified that auditors will be required to undertake audit work in relation to data quality. This is based on a three-stage approach covering:
- Stage 1 - management arrangements;
  - Stage 2 - completeness check; and
  - Stage 3 - risk-based data quality spot checks of a sample of performance indicators.
- 27** The work at stage 1 will link to our review of the Council's arrangements to secure data quality as required for our value for money conclusion and, together with the results of stage 2, will inform the risk assessment for the detailed spot check work to be undertaken at stage 3. The results of the work at stage 3 will inform the Commission's CPA assessment.
- 28** Our fee estimate reflects an assessment of risk in relation to the Council's performance indicators. This risk assessment may change depending on our assessment of your overall management arrangements at stage 1 and we will update our plan accordingly, including any impact on the fee.
- 29** The data quality assessment for 2007 will be undertaken by the Audit Commission and our work will commence in 2008.

## Best Value Performance Plan

- 30** We are required to carry out an audit of your best value performance plan (BVPP) and report on whether it has been prepared and published in accordance with legislation and statutory guidance. KPMG will issue an opinion by 31 December 2007.

## Assessing risks

- 31 We are committed to targeting our work where it will have the greatest effect, based upon assessments of risk and performance. This means planning our audit work to address areas of risk relevant to our audit responsibilities and reflecting this in the audit fees. It also means making sure that our work is co-ordinated with the work of other regulators, and that our work helps you to improve.
- 32 Our risk assessment process starts with the identification of the significant financial and operational risks applying at the Council with reference to:
- our cumulative knowledge of the Council;
  - planning guidance issued by the Audit Commission;
  - the specific results of previous and ongoing audit work;
  - interviews with Council officers;
  - liaison with internal audit; and
  - the results of other review agencies' work where relevant.
- 33 We have not included a risk assessment for our audit of the financial statements as many of the specific risks may not become apparent until after the Audit Commission has completed its 2006/07 audit. We will review our risk assessment after the audit of the 2006/07 financial statements has been completed. At this stage we are planning for the changes to the financial statements as a result of the Statement of Recommended Practice 2007. The consultation on the new SORP closed on 14 February and, whilst we are still awaiting the final version of the document, likely changes include:
- the requirement to establish a UK GAAP-compliant revaluation reserve, with a particular challenge being the need to calculate the opening balance from historic information; and
  - changes in the accounting arrangements for financial instruments, including the introduction of the accounting standards FRS25 and FRS26.
- 34 For each of the significant risks identified in relation to our use of resources work, we consider the arrangements put in place by the Council to mitigate the risk, and plan our work accordingly.
- 35 Our initial risk assessment for use of resources work is provided in Appendix 1. This will be updated through our continuous planning process as the year progresses. The key risks emerging from that initial risk assessment and our responses to those risks are identified below.

- 36 The Medium Term Financial Plan (MTFP) is the key financial management document that underpins the Corporate Plan and with the requirement for efficiency savings this places greater emphasis on financial management. If the Council does not develop an appropriate MTFP with clear links to any performance management frameworks and community planning documents, it is at risk of not being able to realise its strategic objectives and visions. We will undertake a health check review of the Council's MTFP and links to performance management and service planning, including the effect of additional investment on service improvement outcomes.
- 37 The 2006 District Council CPA framework allows for district councils to apply for re-categorisation as a result of their improvement since the last assessment. In October 2006, the Council applied to be considered for re-categorisation. An Audit Commission regional panel decided that there is a realistic prospect of a change in category following a corporate assessment inspection. The inspection team will conduct their field work during October 2007 and report their findings in January 2008. Following the completion of the corporate assessment, we will work with the Council in addressing any audit risks identified by the assessment and we will also provide support where the Council may want to undertake work where the corporate assessment has identified areas that need to be improved.

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## Work specified by the Audit Commission

### Whole of government accounts (WGA)

- 38 We will be required to review and report on your WGA consolidation pack in accordance with the approach agreed with HM Treasury and the National Audit Office which is proportionate to risk.

### National Fraud Initiative (NFI)

- 39 The Council participates in the NFI which is the Audit Commission's computerised data matching exercise designed to detect fraud perpetrated on public bodies. This work will be carried out by an individual appointed to assist in the audit of the Council's accounts (in accordance with section 3(9) of the Audit Commission Act 1998). The Appointed Auditor will consider how the Council responds to the outcome of the NFI

### Cross-cutting work - Health Inequalities (HI)

- 40 HI cross-cutting work will be undertaken in 2007/08 and 2008/09 across the North West, including Lancashire. There will be a tailored approach for each area but the aims and objectives will be similar to allow cross-fertilisation and comparison as appropriate. In line with the draft HI audit guide the objectives will be to:
- assess audit bodies' strategic approach to tackling health inequalities;
  - assess whether audit bodies deploy resources effectively in the pursuit of reducing health inequalities and narrowing the gap
  - facilitate audited bodies to create an environment for improvement.

## Voluntary improvement work

- 41 We have not identified any Voluntary improvement work at this stage but should we identify anything which we believe will be of use to you we will address this with you before reporting our findings to the Audit Committee.

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## Certification of grant claims and returns

42 The thresholds for certification of claims and returns have increased from 1st April 2007, and we will certify the Council's claims and returns on the following basis:

- claims below £100,000 will not be subject to certification;
- claims between £100,000 and £500,000 will be subject to a reduced, light-touch certification; and
- claims over £500,000 will be subject to a certification approach relevant to the auditor's assessment of the control environment and management preparation of claims. A robust control environment would lead to a reduced certification approach for these claims.

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## Electoral Challenge

- 43 The Audit Commission Act 1998 gives electors certain rights. These are:
- the right to inspect the accounts;
  - the right to ask the auditor questions about the accounts; and
  - the right to object to the accounts.
- 44 As a result of these rights, in particular the right to object to the accounts, we may need to undertake additional work to form our decision on the elector's objection. The additional work could range from a small piece of work where we interview an officer and review evidence to form our decision, to a more detailed piece of work, where we have to interview a range of officers, review significant amounts of evidence and seek legal representations on the issues raised.
- 45 In making our decision on objections raised by electors, we can take the following actions:
- issue a public interest report, which the Council has to consider and respond to. Further to this there are also publicity requirements that councils must fulfil if they receive a public interest report;
  - issue an advisory notice. The effect of an advisory notice is that it is not lawful for the Council or any officer to do what is set out in the advisory notice until,
    - the Council has considered the consequence of doing it;
    - the Council or officer has given the auditor the required notice in writing; and
    - that notice period has expired.
  - make a statutory recommendation, which the Council must consider within one month of receiving it at a meeting of the Council; and
  - make an application to court that an item of account is contrary to law, which if successful could result in an order for the accounts to be rectified and an order for costs to be paid.
- 46 The costs incurred in responding to questions or objections raised by electors is not part of the fee referred to in paragraph 47. This work will be charged on a grade related basis in accordance with the Audit Commission's fee scales.

## The audit and inspection fee

- 47 The details of the structure of scale fees are set out in the Audit Commission's work programme and fee scales 2007/08. Scale fees are based on a number of variables, including the type, size and location of the audited body.
- 48 The total indicative fee for audit and inspection work included in this audit and inspection plan for 2007/08 is £130,100 which compares with the planned fee of £110,523 for 2006/07. The primary reasons for the increase are the CPA inspection planned for this year (£13,360), additional auditor responsibilities in relation to NFI (£1,000), and an increase in the level of cross-cutting work to be undertaken (£3,000).
- 49 Further details are provided in Appendix 2 which includes a breakdown of the fee; the assumptions made when determining the audit fee, for example, the timeliness and quality of draft accounts presented for audit and the supporting working papers; and the process for agreeing any changes to the fee. The fee includes all work identified in this plan unless specifically excluded.
- 50 In addition we estimate that we will charge approximately £40,000 for the certification of claims and returns.
- 51 As indicated in paragraphs 3 and 32, the audit planning process will continue as the year progresses and it is likely that there will be some changes to our planned work and hence to the indicative fee quoted in paragraph 46 above. Any changes to the fee will be agreed with you.

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## Other information

### The audit and inspection team

- 52 The key members of the audit and inspection team for the 2007/08 audit are shown in the table below.

**Table 2**

Name	Contact details	Responsibilities
Mike Thomas Relationship Manager (Audit Commission)	<a href="mailto:m-thomas@audit-commission.gov.uk">m-thomas@audit-commission.gov.uk</a> 01204 877 300	The primary point of contact with the authority and the interface at the local level between the Commission and the other inspectorates, government offices and other key stakeholders.
Kevin Wharton Appointed Auditor (KPMG LLP)	<a href="mailto:kevin.wharton@kpmg.co.uk">kevin.wharton@kpmg.co.uk</a> 0161 246 4633	Responsible for the overall delivery of the audit including signing the opinion and conclusion, and liaison with the Chief Executive.
Jillian Burrows Senior Manager (KPMG LLP)	<a href="mailto:jillian.burrows@kpmg.co.uk">jillian.burrows@kpmg.co.uk</a> 0161 246 4705	Overall responsibility for the management of the client relationship and for the overall delivery of the audit.
Andrew Mee Assistant Manager (KPMG LLP)	<a href="mailto:andrew.mee@kpmg.co.uk">andrew.mee@kpmg.co.uk</a> 0161 246 4314	Overall responsibility for the day to day management of the accounts audit and will liaise with the Chief Accountant, Policy Accountants and other lead accountants.

### Independence and objectivity

- 53 We are not aware of any relationships that may affect the independence and objectivity of the Appointed Auditor and the audit staff, which we are required by auditing and ethical standards to communicate to you.

- 54 We comply with the ethical standards issued by the APB and with the Commission's requirements in respect of independence and objectivity as summarised at Appendix 3.

## Quality of service

- 55 We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact the Appointed Auditor in the first instance.
- 56 If we are unable to satisfy your concerns, you have the right to make a formal complaint to the Audit Commission. The complaints procedure is set out in the leaflet *Something to Complain About* which is available from the Commission's website or on request.

## Planned outputs

- 57 Our reports will be discussed and agreed with the appropriate officers before being issued to the Audit Committee.

**Table 3**

Planned output	Indicative date
Interim audit memorandum	May 2008
Opinion on the financial statements and value for money conclusion	September 2008
Use of resources report	TBC following issue of Auditor Guidance by the Audit Commission
Corporate assessment	Expected early 2008
Annual audit and inspection letter	TBC
BVPP report	December 2007

## Appendix 1 – Initial risk assessment – use of resources

Significant risks identified	Mitigating action by audited body	Residual audit risk	Action in response to residual audit risk	Link to auditor's responsibilities
<p>If the Council fails to develop an appropriate MTFP with clear links to the performance management framework and the community plan, it is at risk of not being able to realise its strategic objectives and visions.</p>	<p>MTFP is in place and is subject to review on a six-monthly basis.</p>	<p>Yes</p>	<p>A health check review of the Authority's MTFP and links to performance management and service planning, including the effect of additional investment on service improvement outcomes. This would include consideration of mechanisms to move resources in line with priorities.</p>	<p>KLOE 2.1 - The Council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities.</p>
<p>The Audit Commission led a piece of cross-cutting work on Health Inequalities across Greater Manchester in 2005/06. This work is to be rolled out across Lancashire in 2007/08 and 2008/09 to assess what arrangements are in place and how risks are managed.</p>	<p>Progress is being made through better collaborative working and a shared vision led through the health leadership group. However more remains to be done to reduce inequalities and achieve significant change.</p>	<p>Yes</p>	<p>Ineffectual joint working may lead to progress at different speeds with inconsistent collaborative action. In 2007/08 and 2008/09 we will focus on reviewing the effectiveness of partnership working across the North West in relation to health inequalities.</p>	<p>KLOE 5.1 - The Council currently achieves good value for money.</p>

## Appendix 2 – Audit and inspection fee

- 1 Table 4 provides details of the planned audit and inspection fee for 2007/08 with a comparison to the planned fee for 2006/07.

**Table 4**

<b>Audit area</b>	<b>Planned fee 2007/08 £</b>	<b>Planned fee 2006/07 £</b>
<b>Audit</b>		
Financial statements (including Whole of Government accounts)	60,000	32,435
Use of resources (including BVPP, cross cutting work on HI)	37,000	75,230
Data quality	13,000	*
NFI	1,000	*
<b>Total audit fee</b>	<b>111,000</b>	<b>107,665</b>
<b>Inspection</b>		
Relationship management	2,870	1,435
Direction of Travel	2,870	1,423
Service inspection	0	0
Corporate inspection	13,360	0
<b>Total inspection fee</b>	<b>19,100</b>	<b>2,858</b>
<b>Total audit and inspection fee</b>	<b>130,100</b>	<b>110,523</b>
Certification of claims and returns	40,000	42,310

\* Comparative information is not available for 2006/07 due to the changed fee structure.

- 2 The Audit Commission scale audit fee for Lancaster City Council is £119,010. The fee proposed for 2007/08 is 6.7 per cent below the midpoint compared with the scale fee and is within the normal level of variation specified by the Commission. The audit element of the fee has increased by £3,335 (3.1%) reflects the inflationary increase applied to the fee scales.

- 3 The inspection element of the fee has increased primarily because the Council will be receiving a Corporate Assessment during 2007/08.
- 4 The Audit Commission has the power to determine the fee above or below the scale fee where it considers that substantially more or less work is required than envisaged by the scale fee. The Audit Commission may, therefore, adjust the scale fee to reflect the actual work that needs to be carried out to meet the auditor's statutory responsibilities, on the basis of the auditor's assessment of risk and complexity at a particular body.
- 5 It is a matter for the auditor to determine the work necessary to complete the audit and, subject to approval by the Audit Commission, to seek to agree an appropriate variation to the scale fee with the Council. The Audit Commission expects normally to vary the scale fee by no more than 30 per cent (upwards or downwards). This fee then becomes payable.
- 6 The fee (plus VAT) will be charged in six equal instalments from October 2007 to March 2008. The grants fee (plus VAT) will be charged in six equal instalments from June 2008 to November 2008.

## Assumptions

- 7 In setting the fee, we have assumed that:
  - the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2006/07;
  - you will inform us of significant developments impacting on our audit;
  - internal audit meets the appropriate professional standards;
  - internal audit undertakes appropriate work on all systems that provide material figures in the financial statements sufficient that we can place reliance for the purposes of our audit;
  - good quality working papers and records will be provided to support the financial statements by an agreed date;
  - requested information will be provided within agreed timescales;
  - prompt responses will be provided to draft reports; and
  - additional work will not be required to address questions or objections raised by local government electors.
- 8 Where these assumptions are not met, we will be required to undertake additional work which is likely to result in an increased audit fee. The fee for the audit of the financial statements will be re-visited when the Audit Commission issue the audit opinion for the 2006/07 financial statements.
- 9 Changes to the plan will be agreed with you. These may be required if:
  - new residual audit risks emerge;
  - additional work is required of us by the Audit Commission or other regulators; and

- additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.

## Process for agreeing any changes in audit fees

- 10 If we need to make any significant amendments to the audit fee during the course of this plan, we will firstly discuss this with the Corporate Director for Finance and Performance. We will then prepare a report outlining the reasons why the fee needs to change for discussion with the Audit Committee.

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## Appendix 3 – Independence and objectivity

- 1 Auditors appointed by the Audit Commission are required to comply with the Commission's Code of Audit Practice and Standing Guidance for Auditors, which defines the terms of appointment. When auditing the financial statements auditors are also required to comply with auditing standards and ethical standards issued by the Auditing Practices Board (APB).
- 2 The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.
- 3 International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) requires that the appointed auditor:
  - discloses in writing all relationships that may bear on the auditor's objectivity and independence, the related safeguards put in place to protect against these threats and the total amount of fee that the auditor has charged the client; and
  - confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, they are independent and their objectivity is not compromised.
- 4 The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is the audit committee. The auditor reserves the right, however, to communicate directly with the authority on matters which are considered to be of sufficient importance.
- 5 The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively, and ensure that they do not act in any way that might give rise to, or could reasonably be perceived to give rise to, a conflict of interest. In particular, appointed auditors and their staff should avoid entering into any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.

6 The Standing Guidance for Auditors includes a number of specific rules. The key rules relevant to this audit appointment are as follows:

- Appointed auditors should not perform additional work for an audited body (ie work over and above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might give rise to a reasonable perception that their independence could be compromised. Where the audited body invites the auditor to carry out risk-based work in a particular area that cannot otherwise be justified as necessary to support the auditor's opinion and conclusions, it should be clearly differentiated within the audit plan as being 'additional work' and charged for separately from the normal audit fee;
- auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission;
- the Appointed Auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every five years;
- the Appointed Auditor and senior members of the audit team are prevented from taking part in political activity on behalf of a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body; and
- the Appointed Auditor and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.

