

Agenda Item No: -

Report to: Audit Committee

Date of Meeting: 19 March 2012

Report Title: PKF Audit Plan 2011/12

Report By: Tom Davies
Chief Auditor

Purpose of Report

To inform the Audit Committee of the audit arrangements proposed by PKF.

Recommendation(s)

1. That PKF's Audit Plan 2011/12 is noted.

Reasons for Recommendations

The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies sets out the respective responsibilities of the auditor and the Council. PKF's work set out in the Annual Audit Plan 2011/12 is undertaken in the context of these responsibilities.

Introduction

1. The purpose of this Annual Audit Plan is to inform you of the work PKF propose to undertake in respect of the audit of the accounts and to review Hastings Borough Council's arrangements for securing value for money for the 2011/12 financial year.
2. There are 2 key areas in the report to be noted. The first one is that the audit fee for the year is £107,000, which has increased by £5,350 since PKF issued their Audit Fee Letter to us in June 2011. They have increased the fee because of the significant risks summarised at paragraph 3 below and the additional audit work necessary to address such risks.
3. Secondly, the significant risks in summary referred to in paragraph 2 above.
 - Management override of controls (this is a .non-rebuttable. audit risk)
 - Revenue recognition (and the risk of fraud)
 - The upgrade of the Council's financial management system (Agresso) in October 2011 and the consequent risk of inaccurate and incomplete transfer of general ledger and subsidiary systems data
 - Accounting for transactions involving the Local Authority Mortgage Scheme implemented by the Council in the year
 - Accounting for transactions involving the Council's partnership with a Housing Association to increase the supply of rented accommodation in the area.
4. Robert Grant, a partner at PKF, will attend the Audit Committee meeting to explain the contents of the Plan.
5. The plan is attached at Appendix A of this report.

Wards Affected

Ashdown, Baird, Braybrooke, Castle, Central St. Leonards, Conquest, Gensing, Hollington, Maze Hill, Old Hastings, Ore, Silverhill, St. Helens, Tressell, West St. Leonards, Wishing Tree

Area(s) Affected

Central Hastings, East Hastings, North St. Leonards, South St. Leonards

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No

Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	Yes
Local People's Views	No

Background Information

Appendix A - PKF Audit Plan 2011/12

Officer to Contact

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