



This is an open report

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Report to: Audit, Governance and Improvement Review Committee

Date: 7th June 2007

Subject: Annual Audit and Inspection Plan

Report of: Audit Commission.

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Purpose / summary:	To report to Members proposals by the Commission for Audit and Inspection activity
Alternative options considered and reason for selecting one recommended:	The Commission's work plan is largely governed by statutory requirements. No further voluntary improvement work is planned for 2007/8
Recommendation / Decision	To approve the Plan
Key Decision	This report does not involve a key decision

Risks / Implications

Financial: Fee of £295,000 provided for in the 2007/8 budget.

Staffing: Nil

Policy: Risk assessment set out in Appendix 1

Equal Opportunities – has a Diversity Impact Assessment been conducted? No

Wards affected: All

Special Interest Members - Not Applicable
Which have been consulted

Has the Director of Legal and Property Services confirmed that the recommendations within this report are lawful and comply with the Council's Constitution? **Yes**

Has the Director of Finance and IT confirmed that any expenditure referred to within this report is consistent with the Council's budget? **Yes**

Are any of the recommendations within this report contrary to the Policy Framework of the Council? **No**

* delete which applicable

For Cabinet reports only:

Categorisation of the report:	X		
Discussion leading to a decision		Discussion	
Monitoring		Decision	x
Sharing for corporate understanding		Information	

Tracking/Process:

	Consultation	Ward Members	Partners
Panel	Overview & Scrutiny	Cabinet	Council

List of Background Papers in accordance with Section 100D of the Local Government Act 1972: Tender documentation in respect of the 2007 legal liability tender exercise

None

Proper Officer

Dr. D Smith
Director of Finance & IT

DLPS/Y63/Y-000881

Date

21st May 2007

Audit and Inspection Plan

May 2007



Audit and Inspection Plan

Wigan Metropolitan Borough Council

Audit 2007/2008

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports to the Council

Our reports are prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. Reports are prepared by appointed auditors and addressed to members or officers. They are prepared for the sole use of the audited body, and no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

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Introduction

- 1 This plan has been developed by the Relationship Manager and the appointed auditor. It sets out the audit and inspection work that we propose 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 help ensure further integration and co-ordination with the work of other inspectorates.
- 3 As we have not yet completed our audit for 2006/07, the audit planning process for 2007/08, including the risk assessment, 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 2006, the Council was categorised as four stars.
- 10 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.
- 11 Strengths in the Council's performance include:
 - Effective political and managerial leadership and strong partnership working.
 - A strong track record of improvement, with excellent progress in economic regeneration, reductions in poor quality housing and success in reducing crime and disorder and young people who re-offend.
 - Value for money is good and staff and finances are managed well to ensure future plans can be delivered.
- 12 Areas for improvement in the Council's performance include:
 - In adult social care more needs to be done to promote independence and choice for older people. Wigan Council has agreed to an inspection in this area by the Commission for Social Care Inspection commencing in July 2007 and we will be informed by the findings of this work. Consequently there is no Audit Commission work in this area proposed in this audit plan.
 - Some areas of inequality remain unresolved, for example around health of the population.
 - Improving arrangements for community engagement with all of the borough's diverse communities.
- 13 Our inspection activity for 2007/08 will focus on the following:
 - Relationship manager role;
 - Direction of Travel assessment;
 - Supporting people inspection; and
 - Older people inspection.

Table 1 Summary of inspection activity

Inspection activity	Reason/impact
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.
Supporting people programme	Our Housing Inspectorate will carry out an inspection of your supporting people programme in conjunction with the Commission for Social Care Inspection and Her Majesty's Inspectorate of Probation.

Work under the Code of Audit Practice

Financial statements

- 14 We will carry out our audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).
- 15 We are required to 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.
- 16 We are also required to review whether the SIC has been presented in accordance with relevant requirements, and to report if it does not meet these requirements or if the SIC is misleading or inconsistent with our knowledge of the Council.

Use of resources

Value for money conclusion

- 17 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. The Code also requires auditors to have regard to a standard set of relevant criteria, issued by the Audit Commission, in arriving at their conclusion.
- 18 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.
- 19 We will also follow up our work from previous years to assess progress in implementing agreed recommendations.

Use of resources assessment

- 20 The Audit Commission has specified that auditors will complete a use of resources assessment for 2007. 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.
- 21 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.

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

- 23 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.
- 24 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

- 25 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.
- 26 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.

- 27 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.

Best Value Performance Plan

- 28 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.

Assessing risks

- 29 The Audit Commission is committed to targeting its 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.
- 30 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.

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 we have completed our 2006/07 audit. We will issue a separate opinion audit plan for our audit of the financial statements after the completion of the work on the 2006/07 statements.

- 31 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.
- 32 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.

Work specified by the Audit Commission

Whole of government accounts (WGA)

- 33 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

- 34 The Council participates in the National Fraud Initiative 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).

Voluntary improvement work

- 35 Under section 35 of the Audit Commission Act 1998, the Commission may undertake voluntary improvement work at the request of the audited body.
- 36 We are not proposing to do any new voluntary improvement work at Wigan Council during 2007/08.

Certification of grant claims and returns

37 We will continue to 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.

The audit and inspection fee

- 38 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.
- 39 The total indicative fee for audit and inspection work included in this audit and inspection plan for 2007/08 is £295,000. Further details are provided in Appendix 2 which includes a breakdown of the fee; specific audit risk factors; 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; specific actions Wigan Council could take to reduce its audit and inspection fees; and the process for agreeing any changes to the fee. The fee includes all work identified in this plan unless specifically excluded.
- 40 In addition we will agree the level of fees for the certification of grant claims and returns based on the numbers of claims submitted.
- 41 As indicated earlier 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 possibly to the indicative fee quoted above. Any changes to the fee will be agreed with you.

Other information

The audit and inspection team

- 42 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
Pat Johnson Relationship Manager and Area Performance Lead	p-johnson@audit- commission.gov.uk 01928 523 581	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. Responsible for the delivery of elements of the use of resources work including the value for money theme of the use of resources assessment. Responsibility for delivery of the Direction of Travel assessment.
Gill Eastwood District Auditor	g-eastwood@audit- commission.gov.uk 0113 257 7184	Responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and conclusion, and liaison with the Chief Executive and Audit, Governance and Improvement Review committee.
Helen Stevenson Audit Manager	h-stevenson@audit- commission.gov.uk 01942 827460	Manages and co-ordinates the different elements of the audit work. Key point of contact for the Director of Finance and IT.

Independence and objectivity

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

- 44 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

- 45 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 Relationship Manager or District Auditor in the first instance. Alternatively you may wish to contact Frank Kerkham, Head of Operations, North West.
- 46 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

- 47 Our reports will be discussed and agreed with the appropriate officers before being issued to the Audit Governance and Improvement Review committee.

Table 3

Planned output	Indicative date
Audit and use of resources	
Data quality report	December 2007
Use of resources report	December 2007
BVPP report	December 2007
Interim audit memorandum	July 2008
Annual governance report	September 2008
Opinion on the financial statements and value for money conclusion	September 2008
Final accounts memorandum (to the Director of Finance)	November 2008
Annual audit and inspection letter	March 2008
Direction of Travel assessment	February 2008
Cross cutting	
Health act inequalities	May 2008

Planned output	Indicative date
Community safety crime and disorder	Interim report by May 2008
Inspections	
Supporting people	July 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>The planned PFI scheme for the Joint Service Centre is estimated to be worth £65 million in PFI credits and needs to satisfy the requirements of specific accounting standards. In addition this scheme is important to the Council in terms of delivery of a multi service centre providing improvements to a range of services including library and sports. There is an audit risk that non delivery of the scheme will jeopardise the Council's prospects for service improvements in these areas.</p>	<p>The Outline Business Case and Initial View on the accounting treatment concluded that the project satisfies the requirements of current accounting standards.</p> <p>There is a residual risk that the expected outcomes may not be achieved.</p>	Yes	<p>We will maintain ongoing liaison and assessment of progress to gain a proper understanding of the scheme and the correct accounting treatment.</p> <p>We will provide audit input at key stages leading up to the Final Business Case.</p>	<p>UOR, KLOE 4.1: The Council manages its significant business risks and KLOE 5.2: The Council manages and improves value for money.</p>
<p>The Council's review of its support services may be an unsettling period for those staff concerned and may not deliver expected improvements to customer focused services.</p>	<p>Progress is being made on the review through the four project boards and focus groups. The findings and outputs from these are disseminated by regular briefings to staff.</p>	Yes	<p>We will maintain an ongoing liaison in this area and assess the impact on our audit.</p>	<p>UOR KLOE 4.2: The Council has arrangements in place to maintain a sound system of internal control and KLOE 5.2: The Council manages and improves value for money.</p>

Significant risks identified	Mitigating action by audited body	Residual audit risk	Action in response to residual audit risk	Link to auditor’s responsibilities
<p>A recent review of health inequalities highlighted significant continuing challenges across Greater Manchester. On-going risks remain around targeting of resources, failure to meet PSA targets, and partnership working.</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 continue to focus on reviewing the effectiveness of partnership working across Greater Manchester in relation to health inequalities. This includes follow-up of previous work at both local and pan-Manchester levels and an assessment of progress using agreed tracers.</p>	<p>VFM – criteria 1,2,3 and 7 Arrangements for</p> <ul style="list-style-type: none"> • establishing strategic & operational objectives; • determining policy & making decisions; • ensuring that services meet the needs of users & taxpayers, & for engaging with the wider community; • for monitoring & reviewing performance; and • ensuring compliance with the general duty of best value.
<p>High crime levels and fear of crime remain important resident priorities. Despite recent falls Greater Manchester is unlikely to meet challenging long-term crime reduction targets. There is a risk that current arrangements are not maximising joint working, use of resources or performance management arrangements.</p>	<p>Established partnership working and performance management arrangements include the local area agreement and crime and disorder partnership. However, these are primarily focused on local areas rather than cross-Greater Manchester.</p>	<p>Yes</p>	<p>During this audit year and 2008/09 we will review the effectiveness of partnership working across Greater Manchester in relation to reducing crime and improving community safety. In particular we will examine the effectiveness of arrangements in specific tracer areas</p>	<p>VFM – criteria 1,2,3 and 7 Arrangements for</p> <ul style="list-style-type: none"> • establishing strategic & operational objectives; • determining policy & making decisions; • ensuring that services meet the needs of users & taxpayers, & for engaging with the wider community; • for monitoring & reviewing performance; and • ensuring compliance with the general duty of best value.

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

Audit area	Planned fee 2007/08 £	Planned fee 2006/07 £
Audit		
Financial statements(including interim work)	183,300	179,850
Use of resources (including BVPP)	87,000	74,000
Whole of government accounts	1,500	1,500
National fraud initiative	1,200	1,200
Total audit fee	273,000	256,550
Inspection		
Relationship management	11,000	9,500
Direction of Travel	11,000	9,000
Supporting people inspection*		
Older people inspection*		
Corporate inspection	-	98,500
Total inspection fee	22,000	117,000
Total audit and inspection fee	295,000	373,550
Voluntary improvement work		
Integrated special needs transport		5,000
Children's placements		5,000
Sports & recreation		7,000
Total voluntary improvement work	0	17,000

* not charged within the core fee

- 2 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.
- 3 The Audit Commission scale fee for Wigan Council is £322k and therefore the fee proposed for 2007/08 is 15 per cent below this.
- 4 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.
- 5 The fee (plus VAT) will be charged in 12 equal instalments from April 2007 to March 2008.

Specific audit risk factors

- 6 In setting the audit fee we have taken into account the following specific risk factors:
 - the Council's improvement priorities and how these align with other audited bodies with a view to carrying out cross-cutting work that will be of benefit across a wider geographical area.
 - new initiatives such as the Joint Service Centre PFI scheme and Leigh Sports Village which the Council is involved with; and
 - changed support services structures as a result of the Council's review in this area.

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 the end of June 2008;
 - 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 we issue the opinion audit plan.
- 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.

Specific actions Wigan Council could take to reduce its audit and inspection fees

- 10 The Audit Commission requires its auditors to inform a council of specific actions it could take to reduce its audit and inspection fees. We have identified the following actions Wigan Council could take:
- Continue to improve the control environment to enable us to place maximum reliance on the statement of internal control and the work of Internal Audit, including:
 - improve documentation of key processes and controls relating to the main accounting system and material supporting information systems so that we can place reliance on these in accordance with our responsibilities set out in the International Standards on auditing
 - eliminate any weaknesses in accounting procedures and systems, as identified in our systems and financial accounts reports
 - Implement the improvements recommended from our data quality audit during 2006/07 to ensure there are adequate systems and audit trails in place for the PIs; and give further attention to the overall arrangements for PIs
 - Implement improvements as identified in our 2006/07 report on the Use of resources assessments
 - Improve the arrangements for the compilation of grant claims.

Process for agreeing any changes in audit fees

- 11 If we need to amend the audit or inspection fees during the course of this plan we will firstly discuss this with the Director of Finance and IT and Chief Executive. Any changes to the fee will be included for discussion with the Audit, Governance and Improvement Review Committee.

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 my 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 Governance and Improvement Review 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 District Auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every five years;
 - the District 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 District Auditor and members of the audit team must abide by the Commission’s policy on gifts, hospitality and entertainment.