

# Opinion audit plan

**Brighton & Hove City Council**

**Audit 2010/11**

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**The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.**

**Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.**

**As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.**

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# Introduction

**This plan sets out the audit work that I propose to undertake for the audit of financial statements and the value for money conclusion 2010/11.**

1 I base this plan on the Audit Commission's risk-based approach to audit planning. It reflects:

- audit work specified by the Audit Commission for 2010/11;
- current national risks relevant to your local circumstances; and
- your local risks.

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# Responsibilities

**The Audit Commission’s Statement of Responsibilities of Auditors and of Audited Bodies sets out the respective responsibilities of the auditor and the audited body. The Audit Commission has issued a copy of the Statement to every audited body.**

**2** The Statement summarises where the different responsibilities of auditors and of the audited body begin and end and I undertake my audit work to meet these responsibilities.

**3** I comply with the statutory requirements governing our audit work, in particular:

- the Audit Commission Act 1998; and
- the Code of Audit Practice.

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## Fee for the audit

### **The fee for the audit is £389,500, as set out in my fee letter of 30 March 2010.**

4 The Audit Commission scale fee for the Council is £413,460. The fee proposed for 2010/11 is 5.8 per cent below the scale fee and is within the normal variation specified by the Commission.

5 In April 2010, the Commission issued a rebate of £23,240 against the one-off cost of audit work in relation to the first year of the International Financial Reporting Standards (IFRS).

6 In addition, the Commission has issued a rebate to unitary councils of a further 3 per cent of their 2010/11 scale fee. This is £14,470 for the Council.

7 In setting the fee, I have assumed that:

- risk in relation to the audit of accounts is consistent with that for 2009/10;
- good quality, accurate working papers are available at the start of the financial statements audit.
- The Council will supply good quality working papers to support restatement of 2009/10 balances to comply with IFRS; and
- Internal Audit undertakes reliable work on all material systems and this is available for our review by 30 April 2011.

8 Where these assumptions are not met, I will need to undertake extra work which is likely to result in an increased audit fee. Where this is the case, I will discuss this first with the Director of Finance and I will issue supplements to the plan to record any revisions to the risk and the impact on the fee.

9 More information on the basis for the fee is set out in Appendix 1.

### **Specific actions Brighton & Hove City Council could take to reduce its audit fees**

10 The Audit Commission requires its auditors to inform audited bodies of specific actions it could take to reduce its audit fees. As in previous years, I will work with staff to identify any specific actions the Council could take and to provide continuing audit support.

# Auditors report on the financial statements

## **I will carry out the audit of the financial statements under International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).**

**11** I am required to issue an audit report giving my opinion on whether the accounts give a true and fair view of the financial position of the Council as at 31 March 2011.

### **Materiality**

**12** I will apply the concept of materiality in both planning and performing the audit, in evaluating the effect of any identified misstatements, and in forming my opinion. The concept of materiality has been revised in International Standard on Auditing (UK&I) 320 by the introduction of performance materiality, which operates at a lower level than headline materiality. I have assessed these levels as set out in Table 1 below. I will continue to review the level of performance and headline materiality as the audit progresses.

Table 1: **Materiality levels**

<b>Materiality levels applicable to the 2010/11 audit</b>	<b>£000</b>
Headline materiality	9,205
Performance materiality	8,285

### **Identifying opinion audit risks**

**13** I need to understand fully the audited body to identify any risk of material misstatement (whether due to fraud or error) in the financial statements. I do this by:

- identifying the business risks facing the Council, including assessing your own risk management arrangements;
- considering the financial performance of the Council;
- assessing internal control - including reviewing the control environment, the IT control environment and Internal Audit; and
- assessing the risk of material misstatement arising from the activities and controls within the Council information systems.

## Identification of specific risks

**I have considered the risks that are relevant to the current opinion audit and have set these out below.**

Table 2: **Significant risk**

I have identified one significant opinion risk.

Risk area	Audit response
<p><b>Implementation of IFRS</b></p> <p>Local government financial statements must fully comply with IFRS in 2010/11 for the first time. The implementation involves fundamental changes and there are several specific areas where misinterpretation of the standards could result in material misstatement.</p>	<p>Because of the complexity of the changes involved I consider this to be a significant risk area. I have held discussions with finance officers about the proposed changes in accounting treatment. As part of the introduction the Council will restate the comparative 2009/10 financial statements. My audit team undertakes detailed testing of the changes to ensure compliance with the requirements of the new standards. This work is already well progressed. There are no issues to report at this stage.</p>

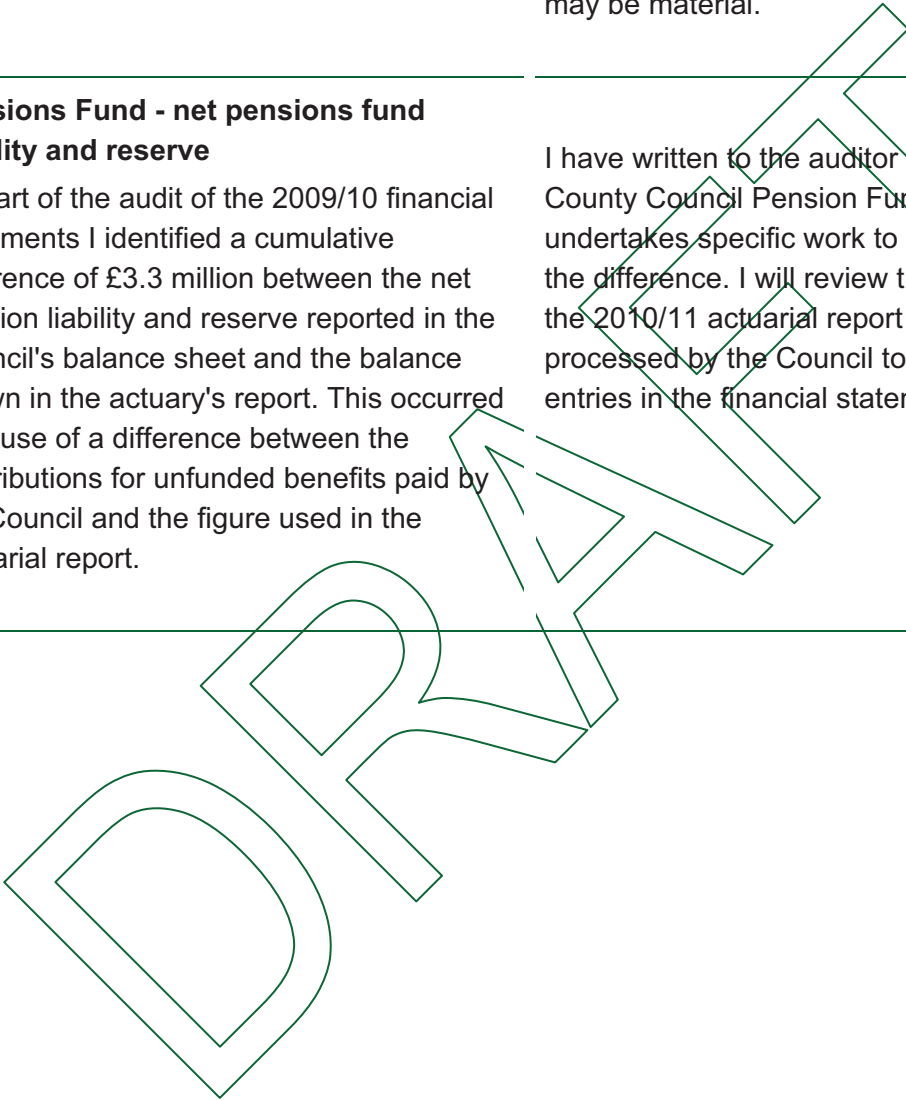
Table 3: **Specific risks**

I have identified specific opinion risks as follows.

Risk area	Audit response
<p><b>Voluntary Aided Schools</b></p> <p>The Council will need to reassess the accounting treatment it adopts for voluntary-aided and voluntary-controlled schools which may be affected by the introduction of IFRS.</p>	<p>I will review the Council's proposed accounting treatment and the basis of the judgements on which it is based to ensure it meets the requirements of the accounting standards.</p>
<p><b>Private Finance Initiative Assets</b></p> <p>The Council's joint waste management scheme with East Sussex County Council is a complicated contractual arrangement. The accounting treatment is also complex and transactions have an impact on the comprehensive income and expenditure account as well as on the balance sheet.</p>	<p>The Council dealt well with the detailed changes required in 2009/10. I will review the movements for 2010/11. Our technical specialist attends meetings with officers from both councils during the year. I will ensure the accounting entries are in line with my expectations and with the relevant accounting standards.</p>



Risk area	Audit response
<p><b>Restructuring</b></p> <p>The Council is undertaking a major restructuring which will enable it to commission services based on need. This will include a realignment of portfolios and directorate structures. Some redundancies are likely.</p>	<p>I will consider whether the financial statements correctly reflect any financial impacts of the restructuring. In particular I will consider whether any provisions are needed at the year-end for redundancy and restructuring costs and how the Council treats these costs in the statements. At this stage we are unable to predict whether any provisions or contingent liabilities will be required or may be material.</p>
<p><b>Pensions Fund - net pensions fund liability and reserve</b></p> <p>As part of the audit of the 2009/10 financial statements I identified a cumulative difference of £3.3 million between the net pension liability and reserve reported in the Council's balance sheet and the balance shown in the actuary's report. This occurred because of a difference between the contributions for unfunded benefits paid by the Council and the figure used in the actuarial report.</p>	<p>I have written to the auditor of the East Sussex County Council Pension Fund asking that he undertakes specific work to examine the reason for the difference. I will review the figures provided in the 2010/11 actuarial report and the adjustments processed by the Council to ensure the accounting entries in the financial statements are correct.</p>



# Testing strategy

**Based on risks identified above I will produce a testing strategy which will consist of testing key controls or substantive tests of transaction streams and material account balances at year-end.**

**14** I can carry out the testing both before and after the Council produces the draft financial statements (pre- and post-statement testing).

**15** Wherever possible, I will complete some substantive testing earlier in the year before the financial statements are available for audit. I have identified the following areas where substantive testing could be carried out early:

- restatement of the accounts to comply with the requirements of International Financial Reporting Standards, including restatement of balances and accounting policies;
- substantive testing of transactions produced by the (outgoing) Team Spirit payroll system;
- substantive testing of transactions produced by the Carefirst system; and
- substantive testing of the Council's fixed asset register.

Where I identify other possible early testing, I will discuss it with officers.

**16** Wherever possible, I will seek to rely on the work of Internal Audit to help meet my responsibilities. For 2010/11, I intend to use the results of the testing of controls in the following systems;

- accounts payable;
- accounts receivable;
- treasury management;
- car park income; and
- the new Midland iTrent payroll system.

**17** Work received so far from Internal Audit has been delivered on time and is of an acceptable standard. My team's review of Internal Audit testing of financial controls is underway. I will report any significant weaknesses in internal control and associated recommendations in my annual governance report.

**18** My work to document and walkthrough the Council's new Midland iTrent payroll system suggests the control environment has improved compared with that in the outgoing Team Spirit system. I therefore intend to rely on the operation of controls in the Midland iTrent system to gain assurance over 2010/11 payroll spending produced by the new system. Internal Audit is

testing controls in the new systems and I intend to review and rely on this work. I will report the results of this work in my annual governance report.

**19** I will also seek to rely on the work of other auditors and experts to meet my responsibilities. For 2010/11, I plan to rely on the work of other auditors in the following areas:

- PKF LLP, the auditor of the East Sussex County Council (ESCC) Pension Fund, to undertake a programme of work under International Accounting Standard (IAS) 19 to gain assurance on material pensions disclosures made in the City Council's financial statements.
- The Audit Commission auditor of Brighton & Hove City Primary Care Trust, who will provide assurances over the jointly hosted adult and older people's pooled budgets.

**20** I plan to rely on the work of experts in the following areas:

- IAS19 entries: Hymans Robertson, the actuary of the ESCC pension scheme, values pension fund assets and liabilities.
- The Audit Commission has engaged Gerald Eve to provide guidance to auditors on the valuation of property.

**21** I also plan to rely on the work of the following experts on property valuations:

- Housing Revenue Account properties - Wilkes Head and Eve.
- Other operational properties - in-house property team plus Denis O'Leary, an independent consultant.
- Investment properties - Cluttons.
- Agricultural properties - Smiths Gore.

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# Value for money conclusion

## **I am required to give a statutory VFM conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.**

**22** I base this on two criteria, specified by the Commission, related to your arrangements for:

- securing financial resilience – focusing on whether the Council is managing its financial risks to secure a stable financial position; and
- challenging how the Council secures economy, efficiency and effectiveness – focusing on whether the Council is prioritising its resources within tighter budgets and improving productivity and efficiency.

**23** The economic downturn and recent comprehensive spending review (CSR) impose unprecedented financial pressures on the public sector. In the period to 2014/15 central government funding to local government will decrease by 28 per cent, with the deepest cuts made in the earliest part of the CSR period. Funding for local government in 2010/11 will reduce by more than £1 billion. All councils therefore face a significant challenge to deliver their original 2010/11 budgets, and set balanced and sustainable budgets in the future.

**24** As well as the financial challenges faced by all councils, there are major structural changes underway at Brighton & Hove. Rather than having directors being responsible for specific services, the Chief Executive and strategic directors now lead a commissioning team looking at needs across the city, with eight teams delivering front-line services. The intention is to strengthen how effective the Council is at meeting needs with the resources it has, ensuring that it is efficient in the way it uses its resources and improving engagement with residents and communities.

**25** The success of the recent management restructure and move to a new operating model is critical to the future of the Council. Effective implementation of the new operating framework during a time of decreasing funding is critical in preserving the Council's current, and future, financial resilience and ability to secure good VFM from the services it provides.

**26** I have devised and agreed work with the Council to consider these issues in more detail and to test a sample of the savings already achieved by the Council in 2010/11 as part of its continuing VFM programme. This work will collect evidence to inform the two 2010/11 VFM conclusion criteria.

**27** This detailed work to inform the 2010/11 VFM conclusion is currently taking place. I will report the results of the work in my 2010/11 annual

governance report. The statutory deadline for the 2010/11 VFM conclusion is 30 September 2011. My aim is to complete this work ahead of that deadline and present key findings and recommendations to management and the Audit Committee.

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## Key milestones and deadlines

**The Council is required to prepare the financial statements by 30 June 2011. I am required to complete the audit and issue my opinion and value for money conclusion by 30 September 2011.**

**28** The key stages in producing and auditing the financial statements are in Table 2.

**29** I will agree with you a schedule of working papers required to support the entries in the financial statements. The agreed fee is dependant on the timely receipt of accurate working papers.

**30** Every week, during the audit, the audit team will meet with the key contact and review the status of all queries. I can arrange meetings at a different frequency depending on the need and the number of issues arising.

Table 4: **Proposed timetable**

Activity	Date
Control and early substantive testing	February - April 2011
Receipt of accounts	20 June 2011
Sending audit working papers to the auditor	24 June 2011
Start of detailed testing	4 July 2011
Progress meetings	Weekly
Meeting with officers to agree the annual governance report	12 September 2011
Present report to those charged with governance at the audit committee	27 September 2011
Issue opinion and value for money conclusion	By 30 September 2011

## The audit team

**Table 3 shows the key members of the audit team for the 2010/11 audit.**

Table 5: **Audit team**

Name	Contact details	Responsibilities
Helen Thompson District Auditor	helen-thompson@audit-commission.gov.uk 0844 798 1790	Responsible for the overall delivery of the audit including audit quality, signing the opinion and conclusion, and liaison with the Chief Executive.
Simon Mathers Audit Manager	s-mathers@audit-commission.gov.uk 0844 798 1776	Manages and coordinates the different parts of the audit. Key point of contact for the Director of Finance, Head of Internal Audit and Head of Central Financial Services.
Jessica Grange Co-Team Leader	j-grange@audit-commission.gov.uk 0844 798 6116	Responsible for the day-to-day running and detail of the audit. Key point of liaison with Central Financial Services Officers.
Jeremy Jacobs Co-Team Leader	j-jacobs@audit-commission.gov.uk 0844 798 6121	Responsible for the day-to-day running and detail of the audit.

### Independence and objectivity

**31** I am not aware of any relationships that may affect the independence and objectivity of the District Auditor and the audit staff, which I am required by auditing and ethical standards to communicate to you.

**32** I comply with the ethical standards issued by the APB and with the Commission's requirements on independence and objectivity as summarised in Appendix 2.

### Meetings

**33** The audit team will ensure we have knowledge of your issues to inform our risk-based audit through regular liaison with key officers. Our proposals are set out in Appendix 3.

## Quality of service

**34** I aim to provide you with a fully satisfactory audit service. If, however, you are unable to deal with any difficulty through me and my team please contact Chris Westwood, Director of Professional Practice (c-westwood@audit-commission.gov.uk). He will look into any complaint quickly and to do what he can to resolve the position.

**35** If you are still not satisfied you may of course take-up the matter with the Audit Commission's Complaints Investigation Officer (The Audit Commission, Westward House, Lime Kiln Close, Stoke Gifford, Bristol BS34 8SR).

## Planned outputs

**36** My team will discuss and agree reports with the right officers before issuing them to the Audit Committee.

Table 6: **Planned outputs**

Planned output	Indicative date
Annual governance report	27 September 2011
Presentation of VFM conclusion findings	28 June 2011
Auditor's report giving an opinion on the financial statements	30 September 2011
Annual audit letter	30 November 2011



## Appendix 1 Basis for fee

The Audit Commission is committed to targeting its work where it will have the greatest effect, based on assessments of risk and performance. This means planning work to address areas of risk relevant to our audit responsibilities and reflecting this in the audit fees.

The risk assessment process starts with the identification of the significant financial and operational risks applying to the Council based on:

- my cumulative knowledge of the Council;
  - planning guidance issued by the Audit Commission;
  - the specific results of previous and current audit work;
- interviews with Council officers; and
- liaison with Internal Audit.

### Assumptions

In setting the fee, I have assumed that:

- risk in relation to the audit of the financial statements is not significantly different from that identified for 2009/10;
- the fee for the value for money conclusion is the same as for 2009/10
- you will inform me of significant developments relevant to the audit;
- Internal Audit meets the proper professional standards;
- Internal Audit undertakes work on those systems detailed in paragraph 16 above, and that we can place reliance on this work for our audit;
- you provide:
  - good quality working papers and records to support the financial statements;
  - information asked for within agreed timescales;
  - prompt responses to draft reports; and
- there is no allowance for extra work needed to address questions or objections raised by local government electors.

Where these assumptions are not met, I will need to undertake more work which is likely to result in an increased audit fee.

## Appendix 2 Independence and objectivity

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 the 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).

The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.

International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) requires 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 fees the auditor has charged the client; and
- confirms in writing 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.

The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the relevant 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 Council on matters which are considered to be important.

The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively. This is to 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.

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 and Inspection 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 seven years, with additional safeguards in the last 2 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.

The District Auditor and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.

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# Appendix 3 Working together

## Meetings

The audit team will ensure we have knowledge of your issues to inform our risk-based audit through regular liaison with key officers.

My proposal for the meetings is as follows.

Table 7: **Proposed meetings with officers**

Council officers	Audit Commission staff	Timing	Purpose
Director of Finance	DA and AM	March, July, September	General update plus: March - audit plan July - accounts progress September - annual governance report
Head of Central Financial Services	AM and TL	Quarterly	Update on audit issues
Audit Committee	DA and AM, with TL as appropriate	As determined by the Committee	Formal reporting of: Audit Plan Annual governance report Other issues as appropriate

## Sustainability

The Audit Commission is committed to promoting sustainability in our working practices and I will actively consider opportunities to reduce our impact on the environment. This will include:

- reducing paper flow by encouraging you to submit documentation and working papers electronically;
- use of video and telephone conferencing for meetings as appropriate; and
- reducing travel.

## Appendix 4 Glossary

### **Annual audit letter**

Report issued by the auditor to an audited body that summarises the audit work carried out in the period, auditors' opinions or conclusions (where appropriate) and significant issues arising from auditors' work.

### **Audit of the accounts**

The audit of the accounts of an audited body comprises all work carried out by auditors in accordance with the Code to meet their statutory responsibilities under the Audit Commission Act 1998.

### **Audited body**

A body to which the Audit Commission is responsible for appointing the external auditor, comprising both the members of the body and its management (the senior officers of the body). Those charged with governance are the members of the audited body. (See also 'Members' and 'Those charged with governance'.)

### **Auditing Practices Board (APB)**

The body responsible in the UK for issuing auditing standards, ethical standards and other guidance to auditors. Its objectives are to establish high standards of auditing that meet the developing needs of users of financial information and to ensure public confidence in the auditing process.

### **Auditing standards**

Pronouncements of the APB, which contain basic principles and essential procedures with which auditors are required to comply, except where otherwise stated in the auditing standard concerned.

### **Auditor(s)**

Auditors appointed by the Audit Commission.

### **Code (the)**

The Code of Audit Practice.

### **Commission (the)**

The Audit Commission for Local Authorities and the National Health Service in England.

## **Directors**

Members of the board who are collectively and individually responsible for the overall direction and control of the audited body. In NHS bodies there is a unitary board, consisting of executive members and part-time non-executive members, chaired by a non-executive member. The chief executive is responsible to the board for the day-to-day management of the organisation but, as accountable officer, is also responsible to the Department of Health for the proper stewardship of public money and assets. (See also 'Those charged with governance' and 'Audited body').

## **Ethical Standards**

Pronouncements of the APB that contain basic principles that apply to the conduct of audits and with which auditors are required to comply, except where otherwise stated in the standard concerned.

## **Financial statements**

The annual statement of accounts or accounting statements that audited bodies are required to prepare, which summarise the accounts of the audited body, in accordance with regulations and proper practices in relation to accounts.

## **Internal control**

The whole system of controls, financial and otherwise, that is established in order to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

## **Materiality (and significance)**

The APB defines this concept as 'an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the auditor's report; likewise a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement within the financial statements or of individual items included in them. Materiality is not capable of general mathematical definition, as it has both qualitative and quantitative aspects'.

The term 'materiality' applies only in relation to the financial statements. Auditors appointed by the Commission have responsibilities and duties under statute, in addition to their responsibility to give an opinion on the financial statements, which do not necessarily affect their opinion on the financial statements.

The concept of 'significance' applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit in relation to the financial statements. Significance has both qualitative and quantitative aspects.

## Members

The elected, or appointed, members of local government bodies who are responsible for the overall direction and control of the audited body. (See also 'Those charged with governance' and 'Audited body'.)

## Regularity (of expenditure and income)

Whether, subject to the concept of materiality, the expenditure and income of the audited body have been applied for the purposes intended by parliament, and whether they conform with the authorities that govern them.

## Remuneration report

Audited bodies are required to produce, and publish with the financial statements, a remuneration report that discloses the salary and pension entitlements of senior managers.

## Statement on internal control/Annual Governance Statement

Local government bodies are required to publish a statement on internal control (SIC) with their financial statements (or with their accounting statements in the case of small bodies). The disclosures in the SIC are supported and evidenced by the body's assurance framework. At local authorities the SIC is known as the Annual Governance Statement and is prepared in accordance with guidance issued by CIPFA. Police authorities also produce a SIC in accordance with relevant CIPFA guidance. Local probation trusts are required to prepare a SIC in accordance with the requirements specified by HM Treasury in Managing Public Money.

NHS bodies are required to publish a statement on internal control (SIC) with their financial statements. Specific guidance on the preparation of the SIC is issued by the Department of Health. The chief executive, as accountable officer, is required to sign the SIC on behalf of the board. The disclosures in the SIC are supported and evidenced by the body's assurance framework.

## Those charged with governance

Those charged with governance are defined in auditing standards as 'those persons entrusted with the supervision, control and direction of an entity'.

In local government bodies, those charged with governance, for the purpose of complying with auditing standards, are:

- for local authorities – the full council, audit committee (where established) or any other committee with delegated responsibility for approval of the financial statements;
  - for police or fire authorities – the full authority, audit committee (where established) or other committee with delegated responsibility for approval of the financial statements;
  - for local probation boards and trusts – the board or audit committee;
- and

- for other local government bodies – the full authority or board or council, audit committee (where established) or any other committee with delegated responsibility for approval of the financial statements

Audit committees are not mandatory for local government bodies, other than police authorities and local probation trusts. Other bodies are expected to put in place proper arrangements to allow those charged with governance to discuss audit matters with both internal and external auditors. Auditors should satisfy themselves that these matters, and auditors' reports, are considered at the level within the audited body that they consider to be most appropriate.

In NHS bodies, those charged with governance, for the purpose of complying with auditing standards, are the board of directors and, in respect of certain responsibilities, the audit committee on behalf of the board. Audit committees are mandatory in NHS bodies and are non-executive committees of the board. The main objective of the audit committee is to contribute independently to the board's overall process for ensuring that an effective internal control and risk management system is maintained.

### **Whole of Government Accounts**

The Whole of Government Accounts initiative is to produce a set of consolidated financial accounts for the entire UK public sector on commercial accounting principles. Local government bodies, other than probation boards and trusts, are required to submit a consolidation pack to the department for Communities and Local Government which is based on, but separate from, their statutory accounts.