

**REPORT FOR: GOVERNANCE, AUDIT,
RISK MANAGEMENT AND
STANDARDS COMMITTEE**

Date of Meeting: 29 January 2019

Subject: **INFORMATION REPORT -**
External Audit Plans 2018/19

Responsible Officer: Dawn Calvert, Director of Finance

Exempt: No

Wards affected: All

Enclosures: Audit Strategy Memorandum for
London Borough of Harrow
Audit Strategy Memorandum for
London Borough of Harrow Pension

Section 1 – Summary and Recommendations

This report provides the Committee with an opportunity to consider the External Audit Plans 2018/19 from the Council's external auditors

Recommendation

The Committee is asked to note the External Audit Plans (Audit Strategy Memoranda for the main Council and Pension Fund)

Reason

To keep the Committee informed of the planned external audit work

Section 2 – Report

Background

External Audit Plans (Audit Strategy Memoranda) for 2018/19

1. The External Audit Plans (Audit Strategy Memoranda) provides the Council with clarity about how the external audit of the Council's accounts and Pension Fund accounts for 2018/19 will be conducted. The audit plan sets out the following:-

- a. Engagement and Responsibilities Summary
- b. Audit scope, approach and timeline – the Authority will consider the need for consolidated group accounts;
- c. Significant risks and judgement areas as summarised below:-
 - i. Management override of controls (applies to both Audit Plans) – which would include testing of journals, significant accounting estimates and any unusual transactions;
 - ii. Revenue and expenditure recognition - Potential for fraudulent revenue recognition in specific areas – detailed testing of transactions will be undertaken as part of the audit;
 - iii. Property, plant and equipment valuations;
 - iv. Pension Fund defined benefit valuation (from the Authority's view);
 - v. Key area of management judgement – regeneration programme schemes
 - vi. For the Pension Fund, valuation of unquoted investments;
- d. Value for Money conclusion - this will be reviewed in conjunction with the delivery of the Medium Term Financial Strategy;
- e. Fees for audit and other services.
- f. Auditors commitment to independence;
- g. Materiality and misstatements – the overall materiality levels are set at 1% of Gross Revenue Expenditure. This gives a level of £6.2m for the Council and £8.2m for the Pension Fund. The materiality levels for misstatements (the level of triviality) is set at £186k for the Council and £245k for the Pension Fund

2. The Committee is asked to consider the plans.

Financial Implications

There are no direct financial implications arising from this report.

Risk Management Implications

The receipt of the audit plans are included within the closure of accounts timetable for officers to ensure the plans have been received.

Equalities implications

There are no equalities implications.

Council Priorities

The Statement of Accounts provides assurance that the Council has managed its finances and delivered value for money in accordance with Council's corporate vision and priorities.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert

Chief Financial Officer

Date: 18 January 2019

Ward Councillors notified:

n/a

Section 4 - Contact Details and Background Papers

Contact: Paul Gower (Interim Technical Accounting Manager) Tel: 020-8424-1335 /
Email: paul.gower@harrow.gov.uk

Background Papers:

None