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

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<b>Date of Meeting:</b>	21 January 2020
<b>Subject:</b>	<b>INFORMATION REPORT -</b> External Audit Plans 2019/20
<b>Responsible Officer:</b>	Dawn Calvert, Director of Finance
<b>Exempt:</b>	No
<b>Wards affected:</b>	All
<b>Enclosures:</b>	External Audit Plans for the Council and the Pension Fund 2019/20

## **Section 1 – Summary and Recommendations**

This report provides the Committee with an opportunity to consider the External Audit Plans 2019/20 from the Council's External Auditors

**Recommendations:**

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

## **Section 2 – Report**

### **Background**

External Audit Plans (Audit Strategy Memoranda) for 2019/20

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 2019/20 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) – 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. other key areas of management judgement and enhanced risks – would include accounting estimates – no specific areas have been identified during the audit planning stage;
  - 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. Auditor's commitment to independence;
- g. Materiality and misstatements – a materiality threshold of 1.5% of gross revenue expenditure for the Council's accounts and 1.5% of net assets for the Pension Fund Accounts has been set for the 2019/20 audit (1% in 2018/19 for both the Council and Pension Fund in the first year of Mazars being the Council's external auditors). This gives a overall materiality level of £9.3m (£6.2m 2018/19) for the Council and £12.75m (£8.2m 2018/19) for the Pension Fund. The materiality levels for misstatements (the level of triviality) is set at £279k (£186k 2018/19) for the Council and £382k (£245k 2018/19) for the Pension Fund. In addition there are performance materiality levels for both LBH and the Pension Fund, and a specific materiality level for the Pension Fund account.

2. The Committee is asked to consider the plans.

### **Legal Implications**

There are no direct legal implications arising from this report.

### **Financial Implications**

There are no direct financial implications arising from this report.

### **Risk Management Implications**

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

### **Equalities implications / Public Sector Equality Duty**

There are no direct 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: Sharon Daniels	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 9 <sup>th</sup> January 2020		
Name: David Hodge	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 7 <sup>th</sup> January 2020		

Name: Charlie Stewart	<input checked="" type="checkbox"/>	Corporate Director
Date: 6 <sup>th</sup> January 2020		

<b>Ward Councillors notified:</b>	<b>NO</b>
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## **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