

Audit Committee

Meeting to be held on 23 January 2012

| |
|-------------------------------------|
| Electoral Division affected: All |
|-------------------------------------|

Audit Commission – Lancashire County Council and Pension Fund Audit Plans 2011/12

Appendices A and B refer

Contact for further information:

Fiona Blatcher, 0844 798 7056, Audit Commission,

f-blatcher@audit-commission.gov.uk

Executive Summary

This report sets out the audit work the Audit Commission propose to undertake in relation to the audit of the financial statements 2011/12 and the provision of a VFM conclusion for Lancashire Council and the audit of the pension fund financial statements.

It also includes a summary of the key risks for the financial statements and VFM conclusion identified through this process together with the auditor's planned response.

Recommendation

The Committee is asked to note the Audit Commission's reports.

Background and Advice

In June 2011 the Audit Committee received proposed fee letters for the audit of the County Council and Pension Fund for 2011/12. Since then, the 2010/11 audit has been completed and detailed audit plans have now been produced setting out in particular the key audit risks for 2011/12 and the planned audit strategy.

These plans set out the audit work the Audit Commission propose to undertake in relation to the audit of the financial statements 2011/12 and the provision of a VFM conclusion for Lancashire Council (Appendix A) and the audit of the pension fund financial statements (Appendix B).

It includes a summary of the key risks for the financial statements and VFM conclusion identified through this process together with the auditor's planned response.

The impact of the updated assessment on the audit fees is:-

County Council – no change to the initially proposed main audit fee which remains at £251,100, (£27,900, lower than the 2010-11 fee, (10%)). The fee for grant claim work is expected to be £12,800 lower than the 2010/11 fee due to a reduction in the claims which are subject to external audit.

Lancashire County Pension Fund – following an assessment of the impact of the changes in the operation of the pension fund and their impact on audit requirements an increase in the audit fee is proposed. The fee has now been set at £67,000, £5,205 higher than the 2010-11 fee and £11,911 higher than the initial fee set out in the letter which went to the June Audit Committee.

Karen Murray, District Auditor and Fiona Blatcher, Senior Audit Manager, will attend the meeting to present the reports and respond to questions.

Consultations

These reports have been agreed with the County Treasurer.

Implications:

N/A

Risk management

N/A

Local Government (Access to Information) Act 1985 List of Background Papers

| Paper | Date | Contact/Directorate/Tel |
|--|------|---|
| Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies | | Fiona Blatcher Audit Commission 0844 798 7056 |
| Audit Commission Act 1998 | | |
| Code of Audit Practice | | |
| Reason for inclusion in Part II, if appropriate | | |
| N/A | | |