

WEST DUNBARTONSHIRE COUNCIL

Report by the Chief Executive

Audit and Performance Review Committee: 20 December 2006

Subject: Audit Planning Memorandum 2006/07

1. Purpose

- 1.1** The purpose of this report is to present KPMG LLP's Audit Planning Memorandum 2006/07 to the Committee for information.

2. Background

- 2.1** It is common practice for external auditors to produce an Audit Planning Memorandum (APM) for each client each year. KPMG LLP have been appointed as the Council's external auditors for the period 2006/07 to 2010/11 and they submitted their APM for 2006/07 to the Council in November 2006. The audit is due to be completed by 31 October 2007.
- 2.2** The APM gives an overview of the audit approach and describes the outputs the Council can expect to receive. It also describes the resources that KPMG LLP will employ and their charge for the audit. The APM is appended to this report.

3. Main Issues

- 3.1** Grant Macrae, Director, KPMG LLP, will be in attendance at the Committee and will give a short presentation on the planned audit approach outlined in the memorandum detailing the transition arrangements, the key audit risks and the planned audit activity that has been identified within the three key areas of:-
- Financial Statements
 - Corporate Governance Arrangements
 - Performance Audit
- 3.2** During their planning process, KPMG LLP identified a number of significant risk areas which, together with the intended audit response, are summarised in pages 10 – 12 of the APM.
- 3.3** KPMG LLP will seek to rely on the work of the Council's Internal Audit Section in relation to the following:-
- Main Accounting System
 - Housing Benefits
 - Treasury Management
 - Tendering & Contracting
 - Debtors & Creditors

- 3.4** At the end of the audit, KPMG LLP will report to Members on their significant findings. During the course of the audit, extracts of individual audit reports will be submitted to the Audit and Performance Review Committee.
- 3.5** Details of the roles and responsibilities of key team members are given in page 2 of the report. The number of officers on site will vary according to fieldwork requirements at various stages of the audit year. A summary of the proposed audit timetable is given in page 14 of the report.
- 3.6** The fee for the local audit is £211,420 inclusive of VAT. A fixed charge from Audit Scotland to cover their central charges requires to be added to this sum. Appropriate provision has been made in the estimates for 2006/07 to cover these fees.
- 3.7** The local fee quoted above excludes any additional audit work that KPMG LLP may be requested to carry out by Audit Scotland in relation to follow up of the Council's progress in implementing recommendations and findings from the finalised Best Value report. The extent of any such fees will be discussed with the Council prior to the commencement of any such work.

4. Personnel Issues

- 4.1** There are no personnel issues.

5. Financial Implications

- 5.1** Appropriate budgetary provision has been made to cover the indicative fee.

6. Conclusion

- 6.1** KPMG LLP's APM for 2006/07 is appended to this report. It sets out the audit approach and outputs for the current year's audit. Members can expect to receive extracts of reports that are produced during the year as well as a final overall report.

7 Recommendation

- 7.1** It is recommended that the Committee note the report and appendix.

David McMillan
Chief Executive
Date: 11 December 2006

Wards Affected: All

Appendix: KPMG LLP's Audit Planning Memorandum 2006/07

Background Papers: None

Person to Contact: David Connell, Head of Finance
Council Offices, Garshake Road, Dumbarton
Telephone (01389 737191)