

# **WEST DUNBARTONSHIRE COUNCIL**

## **Report by Director of Corporate Services**

### **Audit and Performance Review Committee – 8 March 2006**

---

#### **Subject : Audit Risk Analysis and Plan 2005/06**

#### **1. Purpose**

- 1.1** The purpose of this report is to present Audit Scotland's Audit Risk Analysis and Plan (ARAP) 2005/06 to Members for information.

#### **2. Background**

- 2.1** It has previously been the practice for external auditors to produce an audit planning memorandum for each client each year. For 2005/06, as outlined in Modernising Audit presentation given by Audit Scotland to the Audit and Performance Review Committee on 21 December, this approach has been revised and has been replaced by the production of an Audit Risk Analysis and Plan 2005/06. The audit is due to be completed by 31 October 2006.
- 2.2** The ARAP gives an overview of the audit approach and describes the outputs the Council can expect to receive. It also describes the resources that Audit Scotland will employ and their charge for the audit. The ARAP is appended to this report.

#### **3. Main Issues**

- 3.1** The key features of the risk based approach include:
- Integration of audit work on financial statements, performance and corporate governance
  - An increased focus on key business, operational and financial risks
  - A more streamlined financial systems audit which maximises assurance from existing control processes
  - Development of tailored reviews of the Council's priorities and risks
- 3.2** Items 18 and 19 of the ARAP outline the main outputs and reviews that will be delivered by the audit team. Extracts of all relevant audit reports will be submitted to the Audit and Performance Review Committee.
- 3.3** A summary assurance plan has been provided within Appendix A. In most cases actions are either planned or already underway to manage these key risks. Details of the management assurances that have been provided together with further planned audit actions are highlighted.

- 3.4** The work of internal audit plays a key part of the management assurance framework and specific areas where reliance is placed on their work are outlined in Appendix B.
- 3.5** The core audit team will comprise up to six members and there will be an almost continuous presence on site. The audit team will liaise regularly with Council officers.
- 3.6** The fee for the audit is £279,900. This is an increase of 2.75% on last year's fee of £272,400. Provision has been made in the draft estimates for 2005/06 to cover the audit fee.
- 3.7** It is worth noting that the fee for West Dunbartonshire Council has been set at the mid point of the fee range following review by Audit Scotland. This contrasts with that set for a number of partner authorities whose fee has been fixed at a higher level within the range.

#### **4. Personnel Issues**

- 4.1** None

#### **5. Financial Implications**

- 5.1** None

#### **6. Conclusions**

- 6.1** Audit Scotland's ARAP for 2005/06 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. The audit fee is stated in the ARAP at £279,900 and appropriate provision has been made in the draft revenue estimates.

#### **7. Recommendations**

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



---

Gerry McNerney  
Director of Corporate Services

---

**Person to Contact:** David Connell, Head of Finance, Council Offices, Garshake Road.  
Telephone (01389) 737191.  
E-mail: david.connell@west-dunbarton.gov.uk

**Background Papers:** Audit and Performance Review Committee – 21 December 2005

**Wards Affected:** N/A