



## **CORPORATE GOVERNANCE COMMITTEE – 29 JANUARY 2018**

### **REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

#### **EXTERNAL AUDIT PLAN 2017/18, AND UPDATE ON EXTERNAL AUDITOR APPOINTMENT 2018/19**

##### **Purpose**

1. To present the External Audit Plan 2017/18 for consideration and update the committee on the appointment of the new external auditor from 1 April 2018.

##### **Audit Plan 2017/18**

2. The Audit Plan for 2017/18 is included in the Appendix attached to this report. John Cornett from the County Council's external auditors, KPMG, will attend the meeting in order to present the Audit Plan and answer any questions.
3. Overall materiality for the audit opinion for the County Council has been set at £15.25m (£14.75m 2016/17) and for the Pension Fund at £31m (£31m 2016/17). The report also explains that the auditor is obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance and this has been set at £0.75m for the County Council and £1.55m for the Pension Fund (same levels as 2016/17).
4. The significant risks identified by the external auditor for 2017/18 are:
  - Property Plant and Equipment – review of the valuation of assets valued on a cyclical basis.
  - Pension Fund liability – review of assumptions, methodology and data provided to the Actuary.
  - Faster Close – draft accounts by 31<sup>st</sup> May and signed accounts by 31<sup>st</sup> July. Review of approach and estimates.
  - Pension Fund – valuation of hard to price investments – review of estimates used.

##### **Auditor Appointment 2018/19 - Update**

5. During December 2017, Public Sector Auditor Appointments Ltd (PSAA) - the sector led body set up to manage external auditor appointments, confirmed the appointment of Grant Thornton LLP as the external auditor for the County Council for accounts from 2018/19. The contract has been awarded for a period of five years, with an option to extend by a further two years. Proposed fees were also announced at

£59,252 for the County Council and £21,280 for the Pension Fund. Confirmation of the fees will be announced in March 2018.

### **Recommendation**

6. The Committee is asked to note the update provided by KPMG and update on external auditor appointment from 2018/19.

### **Equality and Human Rights Implications**

7. None.

### **Circulation Under the Local Issues Alert Procedure**

8. None.

### **Background Papers**

9. Appointment of External Auditor 2018/19 – Update, 22 September 2017.  
<http://politics.leics.gov.uk/documents/s131842/Auditor%20Appt%20Update%20CGC%2022Sep17.pdf>

### **Officers to Contact**

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### **Appendix**

External Audit Plan 2017/18