

# **Bath and North East Somerset Council Audit Committee Briefing**

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# Introduction

What is the role of the Audit Commission auditor?

How do we work with you?

What is the role of the audit committee ?



# Role of the Audit Commission auditor

## Our work is prescribed in a number of sources

Work done is prescribed by the *Code of Audit Practice*

Audit Commission Standing Guidance

International standards of Audit

Accounts and Audit Regulations

# **Audit work focussed mainly on two areas**

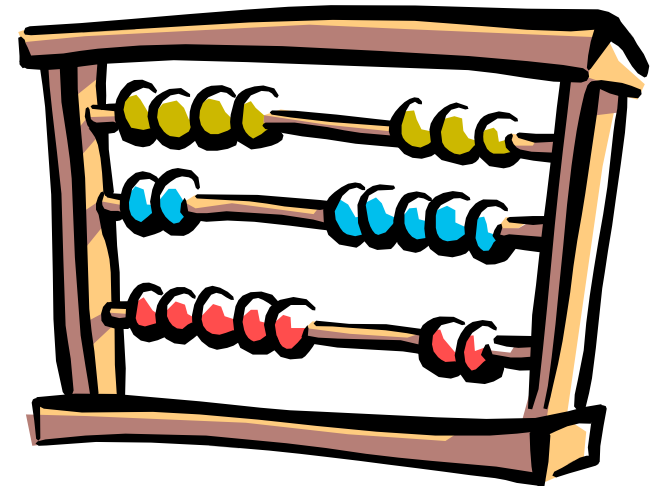
1. Financial Statements
2. Value for Money Conclusion

# Financial Statements

We provide an opinion on your financial statements

Key issues for 2010/11:

- Implementation of Internal Financial Reporting Standards



# Our approach financial statements

Understand the entity and assess risks (ISA 315)

Determine materiality

Issue an audit plan

Undertake an interim audit

Undertake a post statements audit

# Interim Audit

- Document all financial systems that support material headings in the accounts
- Undertake testing of controls on a cyclical basis
- Review your governance arrangements

## Post statements audit

- Reassess materiality and risks ISA 320
- Review qualitative issues in the accounts, explanatory foreword, accounting policies
- Review the annual governance statement
- Assess disclosure in line with the CIPFA accounts Code
- Substantively test all material account headings in the statement of accounts
- Assertions



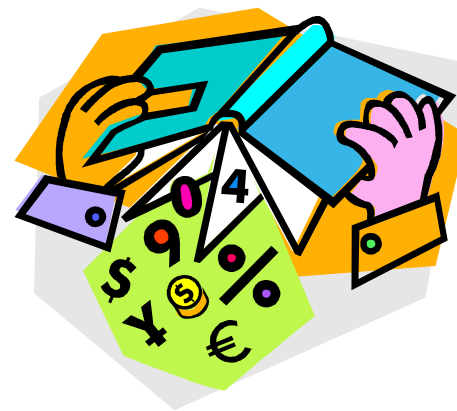
# How we work with you

- Internal Audit
  - Rely on IA work where possible to maximise use of audit resource recognising different responsibilities
- Working papers
  - Agreed at an early stage
- Technical issues
  - Chief accountants workshops

# The role of the audit committee

## Accounts

- Review and approve the Statement of Accounts
- Receive the auditors report (ISA 260) on the annual audit by 30 September



# The role of the audit committee

**What should the review of the Statement of Accounts focus on?**

**Suitability and treatment of accounting policies**

**Major areas of judgement made by officers**

**Significant adjustments and weaknesses in internal control reported by the external auditor in the ISA 260 report.**

# Thank You For Your Time

Any further questions?

