



AGENDA NO: 7

INDEPENDENT AUDIT COMMITTEE - 17 July 2018

EXTERNAL AUDIT OPINION / ISA260 REPORT 2017/18

REPORT BY ALEXIS GARLICK (on behalf of 4x s151 Officers)

PURPOSE OF THE REPORT

The purpose of this report is to provide the Audit Committee with the external auditor's ISA260 Reports for 2017/18, and the draft letters of management representation, for Devon & Cornwall and for Dorset, for its consideration.

1. INTRODUCTION

- 1.1 The CIPFA guidance on Audit Committees recommends the following in relation to external audit:

Monitoring the external audit process

The audit committee's role in relation to the external audit process has three principal aspects:

1. providing assurance that the external auditor team maintains independence following its appointment;
2. receiving and considering the work of external audit, and
3. supporting the quality and effectiveness of the external audit process.

- 1.2 The guidance goes on to state that there should be an opportunity for the audit committee to meet privately and separately with the external auditor, independent of the presence of those officers with whom the auditor must retain a working relationship.
- 1.3 KPMG are the external auditors for 2017/18, for the four corporation soles; Devon & Cornwall PCC; Devon & Cornwall CC; Dorset PCC and Dorset CC. The ISA260s and draft letters of management representations (appended) will be presented to the Committee meeting by KPMG. This is the last year that KPMG will undertake the audits of the accounts, under the current contracts.
- 1.4 KPMG expect to issue unqualified opinions on the financial statements, and on the arrangements to secure value for money, for all organisations.

2. Public Notice Period

- 2.1 As required by the Accounts and Audit Regulations 2015, and the Local Audit and Accountability Act 2014, the accounts and other relevant documents were made available for public inspection during the period 1 June to 12 July. During this period, a local government elector for any area to which the accounts relate, may question the auditor about the accounts or make an objection to the accounts. At the time of writing no such requests had been received.

3. Fees for 2017-18

- 3.1 The fees for 2017/18 (consistent with the audit scale fees) are as follows:

Police area	2017/18 scale fee for police and crime commissioner	2017/18 scale fee for chief constable	Total 2017/18 scale fee
Devon & Cornwall	£36,353	£18,750	£55,103
Dorset	£29,291	£15,000	£44,291

4. Independence

- 4.1 The Auditor's declaration of independence is provided at Appendix 6 to the external audit ISA260 report [appendix a(i) and b(i)]. The Committee should consider the assessments provided.

5. Management Representation Letter

- 5.1 The Audit Committee is required to consider the auditor's annual management representation letter. These are appended and will be presented by KPMG at the meeting.

6. RECOMMENDATIONS

- 6.1 The Audit Committee are asked to consider the following and to report back to the respective PCC and CC on the results of its considerations:
- the external auditor's report on the audit of the financial statements and the value for money opinion, and to raise any points arising with KPMG, or the respective s.151 officers;
 - the Auditor's declaration of independence;
 - the auditor's management representations letter, and to make any comments for the PCC and CC consideration prior to it being signed; and
 - allowing formal time at the beginning or end of each agenda for the Audit Committee to meet privately with the external auditor (if required).

Appendices

- a (i) External Audit ISA260 report 2017/18 – Devon & Cornwall PCC and CC
a (ii) Management Representation Letter – Devon & Cornwall PCC and CC
b (i) External Audit ISA260 report 2017/18 – Dorset PCC and CC
b (ii) Management Representation Letter – Dorset PCC and CC

Handling instructions: For Independent Audit Committee use only

Freedom of Information Classification – Open

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