

Progress report

November 2010

Uttlesford District Council

Audit 2009/10

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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Introduction

1 This report summarises progress at 4 November 2010 against the audit plan for 2009/10 for the meeting of the Performance Select Committee (PSC) on 16 November 2010. It highlights progress since the PSC meeting on 21 September 2010. The table at Appendix 1 summarises progress on the various parts of the audit plan for 2009/10.

2 The key issues to draw to the Committee's attention in relation to the 2009/10 audit, which is now complete with the exception of the certification of grant claims and the issue of the Annual Audit Letter, are as follows.

- Our pre-statements work has identified a number of minor issues/good practice points which we have included in a separate interim report. This was drafted and shared with officers on 3 September 2010. We received officers' responses to the action plan on 4 November 2010 and further discussions are needed to agree and finalise the report. We therefore aim to instead present the final version of this report at the next Performance Select Committee in February 2011.
- Final accounts audit - we completed our audit and issued our opinion on the 30 September 2010. Our final accounts work identified a number of minor issues/good practice points which were not reported in the annual governance statement which we will include in a separate final accounts memorandum. This is currently being drafted and will be presented at the next Performance Select Committee in February 2011.
- Housing and council tax benefit grant audit - work on this is ongoing. A number of errors have been identified some of which have lead to additional testing (40+ testing). The Council is in the process of working through the additional audit samples and we aim to complete the work in advance of the 30 November 2010 deadline.
- Other grant audits - to date we have audited three grant claims (national bon-domestic rates return, the HRA subsidy base data return and the pooling of housing capital receipts return), all of which have been certified within the deadlines set by the grant paying bodies.
- Health inequalities follow up - the report has been finalised and is on the agenda for this Performance Select Committee.

3 We will shortly be commencing the detailed planned for the 2010/11 audit. The table at Appendix 2 summarises the position on the 2010/11 audit, which is starting this month. The main issues to draw to your attention in relation to the 2010/11 audit are as follows.

- We expect to begin work on updating our planning, systems documentation and walk through shortly and will issue our opinion audit plan in December. Revised international auditing standards will apply to the 2010/11 audit so there will be some minor changes to our audit approach. We will set these out in further detail in the opinion audit plan and a letter to the Assistant Chief Executive - Finance.

- Guidance has now been issued on the criteria and approach for the value for money conclusion and details are set out in Appendix 3, including a link to the full guidance on the Audit Commission website.
- 4 On 13 August 2010, the Secretary of State for Local Government announced the intention to disband the Audit Commission. Following this announcement the Minister for Local Government, asked for the Commission's input to the design of the future regime and arrangements for local audit. The Commission produced a paper in September which is available on the website at <http://www.audit-commission.gov.uk/SiteCollectionDocuments/Downloads/20100910issuespaperforclg.pdf>. The paper sets out the issues that, in the view of the Audit Commission, need to be considered in developing the new framework for local audit. It is based on an analysis of current statutory provisions and the Commission's practical experience of running the existing system.

Action for the Committee

- 5 We ask the Committee to note the progress report.

Appendix 1 Progress on 2009/10 audit

Audit product	Timescale in plan	Status	Comments on current position
Opinion audit plan	March 2010	Complete	Reported to June 2010 Performance Select Committee.
Interim audit memorandum	September 2010	Pending	Report has been drafted and shared with officers in September 2010. We plan to finalise this and present it to the next PSC in February 2011.
Annual governance report	September 2010	Complete	Reported to September 2010 Performance Select Committee.
Auditor's report, giving an opinion on the financial statements and value for money conclusion	September 2010	Complete	Opinion on the financial statements and value for money conclusion issued on 30 September 2010.
Final accounts memorandum (to the Chief Finance Officer)	November 2010	Pending	This is in the process of being drafted and will include any issues for management that are not sufficiently significant to merit inclusion in the annual governance report.
Health inequalities follow-up	November 2010	Complete	On the agenda for this meeting.
Annual audit letter	November 2010	Pending	This is in the process of being drafted and will be finalised by the end of November 2010. We aim to present it to the Council's February 2011 PSC meeting.

Appendix 2 Progress on 2010/11 audit

Audit product	Timescale in plan	Status	Comments on current position
Opinion audit plan	December 2010	Not yet due	We expect to report this to the next Performance Select Committee.
Interim audit memorandum	June 2011	Not yet due	Will only be issued if required.
Annual governance report	September 2011	Not yet due	We expect to report this to the September 2011 Performance Select Committee.
Auditor's report, giving an opinion on the financial statements and value for money conclusion	September 2011	Not yet due	We expect to report this to the September 2011 Performance Select Committee.
Final accounts memorandum (to the Chief Finance Officer)	November 2011	Not yet due	Will only be issued if required.
Value for money report	To be advised	Not yet due	Guidance has been recently issued. We anticipate beginning work in this area in March 2011.
Annual audit letter	November 2011	Not yet due	

Appendix 3 Value for money conclusion criteria for 2010/11

Background

The Code of Audit Practice (the Code) requires auditors to issue a conclusion on whether the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

The Commission has reviewed its approach to auditors' local VFM work from 2010/11. The approach for bodies previously subject to a scored assessment (use of resources or auditors' local evaluation) is outlined below.

Approach at audited bodies previously subject to a scored assessment

Types of bodies

From 2010/11, the Audit Commission has introduced new requirements for local VFM audit work at those bodies where auditors were previously required to give a use of resources or auditors' local evaluation assessment. The new requirements apply to:

- NHS trusts;
- primary care trusts;
- single-tier and county councils;
- district councils;
- police authorities;
- fire and rescue authorities;*
- the Greater London Authority;
- the London Development Agency; and
- Transport for London.

*A separate VFM conclusion is not required for county fire and rescue services, as they are covered by the auditor's VFM conclusion for the county council.

Specified reporting criteria

From 2010/11, auditors of the bodies listed above will give their statutory VFM conclusion based on the following two reporting criteria, as specified by the Audit Commission.

Specified criteria for the auditor's VFM conclusion

- The organisation has proper arrangements in place for securing financial resilience.
- The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

Focus of the criteria for 2010/11

The organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.

The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Auditor guidance

The Commission has produced guidance to support auditors in meeting their statutory VFM responsibilities. This can be obtained from the Audit Commission website at http://www.audit-commission.gov.uk/health/audit/methodology/pages/valueformoneyconclusion_copy.aspx.

If you require a copy of this document in an alternative format or in a language other than English, please call:
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- any director/member or officer in their individual capacity; or
- any third party.



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