

External Audit Progress report

January 2011

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.

Contents

Introduction	2
Purpose of this report	2
Action for the Committee	2
2009/10 Audit Progress	3
2010/11 Audit Progress	5
Other matters of interest	7
2011/12 audit fees (and 2010/11 rebates)	7
Auditing the accounts 2009/10: Quality and timeliness of local public bodies' financial reporting	7
Further Information	9

Introduction

Purpose of this report

1 This report summarises progress against the audit plans for 2009/10 and 2010/11 for the meeting of the Performance Select Committee (PSC) on 1 February 2011. It highlights progress since the PSC meeting on 16 November. The tables on pages 3 to 5 summarise progress on the various parts of the audit plans for 2009/10 and 2010/11.

2 The main issues to note are:

- The 2009/10 audit is now complete. The final reports concluding the year are included with these PSC papers for the Member's attention; and
- The 2010/11 audit is now underway. Further details are provided in the table below.

3 This report also seeks to highlight key emerging national issues and developments which may be of interest to the Committee.

4 If you require any additional information regarding the issues included within this briefing, please feel free to contact your District Auditor, Debbie Hanson or Audit Manager, Emma Patchett using the contact details at the end of this report.

Action for the Committee

5 We ask the Committee to note the progress report.

2009/10 Audit Progress

Audit output	Timescale in plan	Status	Comments
Opinion audit plan	March 2010	Complete	Reported to June 2010 Performance Select Committee.
Interim audit memorandum	September 2010	Complete	Reported to the February 2011 Performance Select Committee.
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	Complete	This report is for internal use only and therefore does not require presentation to the Performance Select Committee.
Health inequalities follow-up	November 2010	Complete	Reported to the November 2010 Performance Select Committee
Grant claim report	Not included	In draft	Following completion of our grant claim work, this report has been drafted. The report is currently with the Council for their review. We

Audit output	Timescale in plan	Status	Comments
			will present this to the next Performance Select Committee once the content of the report has been agreed.
Annual audit letter	November 2010	Complete	Reported to the February 2011 Performance Select Committee

2010/11 Audit Progress

Audit output	Timescale in plan	Status	Comments on current position
Opinion audit plan	December 2010	Complete	Our 2010/11 Audit Plan is now complete and this has been agreed with the Council. A copy of the plan has been included in these papers for the Committee's attention. This plan outlines how we will complete our audit and also the specific risks that we will look to address through our work.
Interim audit memorandum	June 2011	Not yet due	The 2010/11 pre-statement audit began on 4 January 2011. During this phase of the audit, we plan to document and test the systems that have a material impact upon the year end financial statements. We have been in contact with Internal Audit and will seek to rely upon their work wherever possible. The outputs from this work will inform our approach to the 2010/11 post-statement audit to be completed later in the year. The outcomes will be reported in our Interim Audit Memorandum.

Audit output	Timescale in plan	Status	Comments on current position
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	Guidance on the value for money conclusion has been recently issued. We anticipate beginning work in this area in February 2011. We expect to report the findings from our opinion and value for money conclusion work 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.
Grant claims report	February 2012	Not yet due	We will issue a report summarising the findings from our certification of the Council's grant claims.
Annual audit letter	November 2011	Not yet due	This document will bring together all the key messages from 2010/11. We expect to report this in the February 2012 Performance Select Committee.

Other matters of interest

2011/12 audit fees (and 2010/11 rebates)

6 On 10 December 2010, The Audit Commission issued its consultation on fees for 2011/12.

7 Full details are on the Audit Commission website at <http://www.audit-commission.gov.uk/localgov/audit/auditmethodology/fees/Pages/proposedsalesoffeesfor201112.aspx>.

8 The consultation document also includes proposals for a rebate of 1.5 per cent of scale fee for District Councils for 2010/11. The Commission has also decided not to charge inspection fees in 2010/11 for the work already undertaken on the managing performance element of the organisational effectiveness assessment. These changes result from the Government's May 2010 announcement that it did not wish work on the Comprehensive Area Assessment (CAA) to continue, and reflect the introduction of a more focused approach to auditors' value for money work.

9 These reductions, and the earlier rebate for the additional audit costs from the transition to International Financial Reporting Standards (IFRS) that we reported in our 2010/11 fee letter, mean average fees for District Councils for 2010/11 have reduced by 14 per cent

Auditing the accounts 2009/10: Quality and timeliness of local public bodies' financial reporting

10 On 16 December 2010, the Audit Commission issued a nation report '*Auditing the accounts 2009/10: Quality and timeliness of local public bodies' financial reporting*'.

11 A copy of the report can be found on the Audit Commission's website at <http://www.audit-commission.gov.uk/localgov/audit/UoR/Pages/auditingtheaccounts200910.aspx>.

12 This report is a summary of the quality and timeliness of financial reporting by councils, police authorities, fire and rescue authorities and local government bodies.

13 The report covers:

- auditors' work on the 2009/10 financial statements;
- the results of auditors' 2009/10 local value for money work;
- the public interest reports and statutory recommendations issued by auditors since December 2009; and
- the key financial management and financial reporting challenges for 2010/11.

14 The report congratulates seven councils, one police authority and three local government bodies for early publication. There is great interest in financial transparency by public bodies at the moment and we believe that early publication of audited accounts is an important contribution to openness and accountability.

15 The Commission reports that auditors were unable to give opinions on the accounts by 31 October 2010 at seven councils (2 per cent of the total) and 11 local government bodies (12 per cent). The report also names two councils where the auditor gave a qualified opinion.

16 All police authorities and fire and rescue authorities published their audited accounts by 31 October and none received a qualified audit opinion.

17 Uttlesford District Council was named in the report as receiving a non-standard value for money conclusion in 2009/10.

Further Information

For further information on any of the key issues in this progress report and briefing paper please contact:

Debbie Hanson

District Auditor

0844 798 5816

07974 006715

d-hanson@audit-commission.gov.uk

or

Emma Patchett

Audit Manager

0844 708 5819

07813 038271

e-patchett@audit-commission.gov.uk