

# External Audit Progress report

June 2011

Uttlesford District Council

Audit 2010/11

**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

## Purpose of this report

1 This report summarises progress against the Audit Plan for 2010/11 for the meeting of the Performance and Audit Committee on 23 June 2011. It highlights progress since the Performance Select Committee meeting on 1 February 2011. The table on pages 3 to 5 summarise progress on the various parts of the audit plan.

2 The main issues to note are:

- The 2009/10 audit is now complete. The final report on the 2009/10 Grants is included in these papers for the Members' attention; and
- The 2010/11 audit is now underway and we have completed our pre-statement audit, the first stage of our work.

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.

## 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 complete and has been agreed with the Council. A copy of the plan was brought to the February PSC meeting for the Members' information. This Plan outlined how we will complete our audit and also the specific risks that we will look to address through our work.
Interim audit report	June 2011	Complete	The 2010/11 pre-statement audit is now complete. During this phase of the audit, we documented and tested the systems that have a material impact upon the year end financial statements. We worked along side Internal Audit, seeking to rely upon their work where ever possible to minimise the burden on Council staff. The outputs from this work will inform our approach to the 2010/11 post-statement audit which we will complete between July and September.

Audit output	Timescale in plan	Status	Comments on current position
			<p>During this pre-statement audit we also undertook an Information Technology Risk Assessment (ITRA). The purpose of this was to assess the strength of the IT control environment and to consider the IT controls within the financial systems. This work was more in-depth than previous years and as a result, more information was required from the Council. The Council responded well to this and provided us with a comprehensive database of evidence. Our work concluded that the IT environment at the Council is low risk.</p> <p>The outcomes of this work will be included in our Interim Audit Report which we will issue shortly.</p>
Review of IFRS restated 2009/10 accounts	N/A	Complete	<p>2010/11 will be the first year that the Council will be required to produce their accounts in accordance with International Financial Reporting Standards (IFRS). In preparation for this, the Council has restated their 2009/10 financial statements in IFRS format. These balances will form the comparatives in the 2010/11 accounts.</p> <p>We have undertaken a review of these restated financial statements. Whilst there were some omissions, for example, at the time the cashflow statement was not complete, overall, the Council has prepared well and is well placed for the full transition in 2010/11. We have no matters in respect of this work that we wish</p>

Audit output	Timescale in plan	Status	Comments on current position
			to bring to your attention.
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 issued. We started this work in February 2011 and have largely completed this review. Our work has not identified any specific risks that we need to highlight to you at this stage. 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 to the February 2012 Performance Select Committee.

## Other matters of interest

### Future of the Audit Commission

**6** On 2 June 2011, Sir Bob Kerslake, the Permanent Secretary at DCLG, wrote to all councils to give them an update on plans to externalise the work of the Audit Practice. At the same time DCLG have issued a news release about the potential transfer arrangements.

**7** Eugene Sullivan, the Chief Executive of the Audit Commission has said: 'As Grant Shapps said, we have been working closely with the Department on options to externalise the work of the in-house audit practice. We have agreed to the Permanent Secretary's request to start preparatory work for the potential outsourcing with effect from 2012/13 audits.'

**8** 'We have been asked to design a procurement process that allows a range of firms to bid, including the possibility of an in-house bid, which could form the basis of a new and distinctive provider in the market, possibly a mutual.'

**9** We will continue to keep you informed of developments as they progress, along with the impact upon the Council.

### Improving value for money in adult social care

**10** The Audit Commission has recently issued a report 'Improving value for money in adult social care'.

**11** This is the first in a series of briefings that will look at value for money in health and social care. This briefing finds that, as demographic change and financial pressures combine to create tough times for adult social care, councils have looked at many aspects of the service in order to provide better, more efficient services.

**12** Better procurement, improved back office arrangements, and a preference for community-based rather than residential care where possible, are just some of the changes that local authorities have implemented to help them meet the challenges they face.

**13** But the briefing also finds that the pace and scale of change need to increase if councils want to release material savings, as well as improve care for people.

**14** A copy of the report can be found on the Audit Commission's website. Alternatively, contact your District Auditor, Debbie Hanson using the contact details at the end of the report.



## Going the distance - Achieving better value for money in road maintenance

**15** 'Going the distance - Achieving better value for money in road maintenance' looks at the challenges faced by the country's 152 council highways authorities.

**16** England's 236,000 miles of local roads - used by 30 million drivers every day - are under attack from increasing traffic, severe winters, higher repair costs, and dwindling highways funding.

**17** The report highlights how councils can get more for their money, including cost-saving collaborations with neighbours, asset management to show when road maintenance will be most effective, new ways of keeping residents informed, and weighing short-term repairs against long-term resilience.

**18** It includes a series of case studies which demonstrate how some councils have developed strategies that balance growing service demands with reducing resources.

## Further Information

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

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