

External Audit Progress report

September 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 29 September 2011. It highlights progress since the Performance and Audit Committee on 23 June 2011. The table on pages 3 to 5 summarise progress on the various parts of the audit plan.
- 2** The main matter to note is that the 2010/11 financial statements audit is complete and I am able to issue an unqualified opinion on the statements.
- 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 inform our approach to the 2010/11 post-statement audit which we completed between July and September. During this pre-statement audit we also undertook an Information Technology Risk Assessment (ITRA). The purpose of this was to |

| Audit output | Timescale in plan | Status | Comments on current position |
|--|-------------------|----------|--|
| | | | <p>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 outcome of this work has been included within the Interim Report. The Council have received this report and responded to the action plan included within it. The final report will be issued to the members of this Committee shortly.</p> |
| Review of IFRS restated 2009/10 accounts | N/A | Complete | <p>2010/11 was the first year that the Council was required to produce their accounts in accordance with International Financial Reporting Standards (IFRS). In preparation for this, the Council restated their 2009/10 financial statements in IFRS format. These balances 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 this work was undertaken the cashflow statement was not complete, overall, the Council prepared well 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 | Complete | Our Annual Governance Report details the significant findings from our 2010/11 audit of the financial statements and value for money conclusion work. The report is included within these papers. |
| Auditor's report, giving an opinion on the financial statements and value for money conclusion | September 2011 | To be issued by 30 September 2011 | Following member approval of the final version of the financial statements and receipt of the letter of representation, we will issue an unqualified opinion on the accounts and value for money conclusion. . |
| 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 and local audit

6 The Department for Communities and Local Government (DCLG) has been considering the options for transferring the audit work of the Audit Commission's in-house audit practice to the private sector. Ministers have now decided the best value for money should be achieved by outsourcing the work through a procurement exercise.

7 On 28 July 2011, DCLG wrote to the Chief Executives of all local government bodies. A copy of this letter is attached. The audit arrangements for the audit year 2011/12 are set out in Table 1 below.

Table 1: **Appointed auditor arrangements during procurement exercise**

| Key milestone | Date |
|---|----------------------------------|
| Issue Contact Notices in the Official Journal of the European Union | 5 September 2011 |
| Deadline for the submission of tenders | 16 December 2011 |
| Approval of contract awards | Week commencing 20 February 2012 |
| Consultation with audited bodies on appointments | 23 April to 13 July 2012 |
| Approval of auditor appointments | 23 July 2012 |
| Appointments for 2012/13 commence | 1 September 2012 |
| Audit Commission staff transfer to firms awarded contracts | 31 October 2012 |

Proposed work programme and scale fees for 2012/13

8 The Audit Commission published on 5 September 2011 the fee consultation for 2012/13 audits. The document for local government bodies is available on the Audit Commission's website at <http://www.audit-commission.gov.uk/audit-regime/audit-fees/201213/pages/default.aspx>. As for 2011/12, the Audit Commission has set a proposed individual scale fee for each audit for 2012/13. The proposed fee for Uttlesford District Council is

£104,481 (£116,090 for 2011/12). The consultation runs until 24 October 2011 and the Audit Commission will publish the final work programme and scales of fees in April 2012, when the outcome of the outsourcing programme is known.

Further Information

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

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