

**NORTH LINCOLNSHIRE COUNCIL**

**AUDIT COMMITTEE**

**EXTERNAL AUDIT REPORT**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 To consider external audit's Update Report.

**2. BACKGROUND INFORMATION**

- 2.1 The Update Report provides the Audit Committee with a summary on progress in delivering external audit's statutory responsibilities. It also highlights key emerging national issues and developments which may be of interest to Members. A copy of the report is attached in appendix A.

**3. OPTIONS FOR CONSIDERATION**

- 3.1 The Audit Committee should consider external audit's report and the assurance that has been given or can be implied from their conclusions. The Committee should seek clarification from the Audit Commission or council officers as necessary.
- 3.2 To take no action would invite adverse judgments in future.

**4. ANALYSIS OF OPTIONS**

- 4.1 Update reports provide the Committee with specific information on progress on external audit's work. This will help Members consider whether current assurance coverage is sufficient.

**5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

- 5.1 None.

6. **OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)**

6.1 External Audit and inspection duties are statutory requirements under the provisions of the Audit Commission Act 1998, the Code of Audit Practice and the Local Government Act 1999.

6.2 There are no environmental, diversity, Section 17 or other implications.

7. **OUTCOMES OF CONSULTATION**

7.1 The Update Report has been discussed and agreed with the Director of Policy and Resources.

8. **RECOMMENDATIONS**

8.1 That the Audit Committee notes the external audit Update Report

DIRECTOR OF POLICY AND RESOURCES

Civic Centre  
Ashby Road  
SCUNTHORPE  
North Lincolnshire  
DN16 1AB  
Author: C Andrews  
Date: 06 June 2012

**Background Papers used in the preparation of this report**

Audit Commission reports: Audit Committee Update

# Audit Committee update

North Lincolnshire Council

Audit 2011/12

**The Audit Commission is a public corporation set up in 1983 to protect the public purse.**

**The Commission appoints auditors to councils, NHS bodies (excluding NHS Foundation trusts), police authorities and other local public services in England, and oversees their work. The auditors we appoint are either Audit Commission employees (our in-house Audit Practice) or one of the private audit firms. Our Audit Practice also audits NHS foundation trusts under separate arrangements.**

**We also help public bodies manage the financial challenges they face by providing authoritative, unbiased, evidence-based analysis and advice.**

# Contents

<b>Introduction</b> .....	<b>2</b>
<b>Progress report</b> .....	<b>3</b>
Interim Accounts and VFM Work progress .....	3
<b>Other matters of interest</b> .....	<b>4</b>
National Fraud Initiative (NFI).....	4
2012/13 audit fees .....	4
Abolition of the Audit Commission .....	5
<b>Key considerations</b> .....	<b>6</b>
<b>Contact details</b> .....	<b>7</b>

# Introduction

- 1** The purpose of this paper is to provide the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. It includes an update on the externalisation of the Audit Practice.
- 2** This paper also seeks to highlight key emerging national issues and developments which may be of interest to members of the Audit Committee. The paper concludes by asking a number of questions which the Committee may wish to consider in order to assess whether it has received sufficient assurance on emerging issues.
- 3** If you require any additional information regarding the issues included within this briefing, please feel free to contact me or your Audit Manager using the contact details at the end of this update.
- 4** Finally, please also remember to visit our website ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)) which now enables you to sign-up to be notified of any new content that is relevant to your type of organisation.

Damian Murray

District Auditor

June 2012

# Progress report

## **Interim Accounts and VFM Work progress**

**5** Since your March meeting we have completed further interim work but there are no new issues to report to you.

**6** We have now started detailed work finalising accounts planning and initial housing benefit testing. Detailed work on the annual accounts is planned for July.

# Other matters of interest

## National Fraud Initiative (NFI)

**7** In May the latest National Fraud Initiative (NFI) report was published. The NFI has already helped to identify £939 million worth of fraud, overpayment or error across UK public bodies since it began 16 years ago.

**8** NFI data matching is carried out continuously, and we report results every two years. Since the last report in May 2010 the scheme has identified almost £229 million of fraud, overpayments and errors in England, and £47 million worth in Scotland, Wales and Northern Ireland - a national total of £275 million, taking it a step closer to achieving a £1 billion payback to the public purse since the initiative began.

**9** The highest value categories identified in England continue to be Pensions (£98 million), Council tax single person discount (£50 million) and Housing benefit (£31 million). Among other headline figures, the latest report shows:

- 164 employees were identified as having no right to work in the UK;
- 321 false applications were removed from housing waiting lists following a pilot with London borough councils;
- 731 people were prosecuted, 636 of them for housing benefit fraud;
- 31,937 blue badges and 51,548 concessionary travel passes were cancelled.

**10** The national report is available from the audit commission's web-site and includes a summary for members and checklist to assess the council's arrangements.

<http://www.audit-commission.gov.uk/fraud/nfi/reports/Pages/default.aspx>

## 2012/13 audit fees

**11** Following a consultation exercise, the Audit Commission has agreed the work programme and fee scales for 2012/13 audits of health and local government bodies. It sent out letters notifying organisations of the new fees on Wednesday 11 April.

**12** The Commission also published a work programme and scale of fees for NFI. The main work programme will remain unchanged from NFI 2010/11 and the scale of fees for mandatory participants will not increase.

## Abolition of the Audit Commission

**13** On 9 May 2012, the Queen's speech set out the government's legislative programme for the coming parliamentary year. The Queen announced a programme of 15 Bills and 4 Draft Bills. A draft Bill aims to 'abolish the Audit Commission and set out the new regulatory framework for the audit of local public bodies'. Specific measures include:

- Abolishing the Audit Commission.
- Requiring local bodies to appoint their own auditors on the advice of an auditor panel.
- Setting up a new regulatory regime for local public audit, more closely aligned with the regulatory framework for audit in the private sector, with the Financial Reporting Council as the overall regulator.
- Transferring responsibility for developing and publishing the *Code of Audit Practice* for local public audit to the National Audit Office (subject to Parliamentary approval).
- Transferring the Audit Commission's data matching powers to another body (the location is yet to be confirmed).
- Continuing the power for the Secretary of State to commission an inspection of a 'best value' local authority where there are significant concerns about its performance

## Key considerations

**14** The Audit Committee may wish to review the latest NFI national report and checklist to assess local arrangements.

## Contact details

**15** If you would like further information on any items in this briefing, please feel free to contact either your District Auditor or Audit Manager.

**16** Alternatively, all Audit Commission reports - and a wealth of other material - can be found on our website: [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk).

Damian Murray

District Auditor

0778 602 0737

[D-Murray@audit-commission.gov.uk](mailto:D-Murray@audit-commission.gov.uk)

Rob Walker

Audit Manager

07815 876297

[RJ-Walker@audit-commission.gov.uk](mailto:RJ-Walker@audit-commission.gov.uk)

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- any director/member or officer in their individual capacity; or
- any third party.



Audit Commission

1st Floor

Millbank Tower

Millbank

London

SW1P 4HQ

Telephone: 0844 798 3131

Fax: 0844 798 2945

Textphone (minicom): 0844 798 2946

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

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