

NORTH LINCOLNSHIRE COUNCIL

AUDIT COMMITTEE

EXTERNAL AUDIT PROGRESS REPORT AND BRIEFING

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To consider external audit's Progress Report and Briefing.
- 1.2 The Progress Report and Briefing provides an update on progress on external audit's statutory work as well as highlighting key emerging national issues and developments which may be of interest to Members.

2. BACKGROUND INFORMATION

- 2.1 External audit's Progress Report and Briefing is designed to provide the Audit Sub-Committee with a report on progress in delivering their statutory responsibilities. The update also seeks to highlight key emerging national issues and developments which may be of interest to Members. The report includes an update on the future of local audit and ongoing discussions with the Audit Commission and notification of a rebate on audit fees of 8% (equivalent to £18,360) for 2011/12. The report is attached at appendix A.

3. OPTIONS FOR CONSIDERATION

- 3.1 The Audit Sub-Committee is invited to consider external audit's report and should seek clarification from the Audit Commission as necessary.

4. ANALYSIS OF OPTIONS

- 4.1 The Progress Report and Briefing provides the Sub-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 There are no staffing, property or IT implications.

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 report has been discussed and agreed with the Director of Finance.

8. RECOMMENDATION

8.1 The Audit Sub-Committee notes the findings contained in the Progress Report and Briefing seeking further assurances on external audit plan progress and other matters of interest where necessary

DIRECTOR OF FINANCE

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Date: 15 September 2011

Background Papers used in the preparation of this report

Audit Commission reports:

External Audit Progress Report and Briefing - Audit 2010/11

External audit progress report and briefing

September 2011

North Lincolnshire 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

- 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.
- 2** This update also seeks to highlight key emerging national issues and developments which may be of interest to members.
- 3** If you require any additional information regarding the issues included within this briefing, please feel free to contact me or Rob Walker using the contact details at the end of this update.

Mark Kirkham

District Auditor

September 2011

Progress Report

Financial Statements and VFM Conclusion

4 My detailed report on progress in my audit of the financial statements and VFM are included within the agenda papers.

Other Matters of Interest

Future of local audit

5 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.

6 DCLG has asked the Audit Commission to seek bids for the work currently undertaken by the in house audit practice. New contracts will be awarded for three or five years, commencing from the audit of the accounts for 2012/13. The Audit Commission issued a Contract Notice in the Official Journal of the European Union on 5th September 2011.

7 The Audit Commission intends to award contracts in spring 2012 to allow new auditor appointments to be in place by 1 September 2012.

8 Because an auditor needs to be in place at the start of the financial year, an interim auditor appointment will cover the period from 1 April 2012 to 31 August 2012. To minimise disruption, it is proposed to extend current appointments to deal with any issues that may arise during that period. This 'interim' auditor's role will be limited to keeping a 'watching brief'. Any costs incurred by interim auditors will be paid by the Audit Commission.

Audit Commission Rebate in 2011/12 Fees

9 When confirming the work programme and scale fees for 2011/12 in February, the Commission agreed, subject to affordability, to make additional rebates in 2011/12.

10 A communication to the Director of Finance in July 2011 stating that the Audit Commission will be giving you a rebate of 8 per cent on your audit fee for 2011/12.

11 The rebate will be deducted from the monthly instalments to the Commission.

A Practical Guide for Local Authorities on Income Generation (Fully Revised Third Edition 2011)

12 CIPFA has fully revised its guide on local authority income. The guide is particularly helpful to:

- corporate finance teams budgeting and planning for income;
- service managers seeking to maximise their fees and charges; and
- finance support teams calculating charges and running income recovery.

13 The guide includes information on charging powers and their practical application and covers:

- National initiatives and recent developments;
- Charging for discretionary services;
- Income opportunities for services; and
- Financial monitoring and management of income.

14 The guide is available from the CIPFA website www.cipfa.org.uk.

Key Considerations

15 The Audit Committee is asked to note the contents of the report, seeking further assurances on external audit plan progress and other matters of interest where necessary.

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Appendix 1 External audit plan progress

Audit progress

Audit year	Title	Description	Timing	Output	Status
2010/11	Value for money conclusion	Conclude upon the Council's arrangements for securing value for money in the use of its resources.	September 2011	VFM conclusion	Completed
2010/11	Opinion audit	Provide audit opinion on the 2009/10 financial statements	September 2011	Audit opinion	Completed
2010/11	WGA	Review Whole of Government Accounts (WGA) consolidation pack	September 2011	Certified WGA return	In Progress