

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 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 is attached at appendix A.

3. OPTIONS FOR CONSIDERATION

- 3.1 The Audit 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 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 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: 08 June 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

June 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

8 June 2011

Progress Report

Financial Statements

4 Most of our interim systems work is complete and we are completing our work on planning to start out detailed testing of the accounts in late July. I have no matters to report to you.

VFM Conclusion

5 Most of our initial work was completed in March we have no significant issues to report. I will continue monitor your achievement of savings targets and your updated financial plan following the election assessing the impact on my VFM opinion.

Other Matters of Interest

Future of the Audit Commission

6 In August 2010 the Secretary of State for Communities and Local Government announced plans to disband the Audit Commission.

7 Since then Ministers have been examining the most cost effective options for disbanding the Audit Commission, transferring audit into the private sector and allowing local authorities to appoint their own auditors. The Department's Permanent Secretary wrote to councils on June 2 2011 to inform them that Ministers' initial view is that the best value for money option is to outsource all the audits currently undertaken by the in-house practice to the private sector.

8 In order to ensure that progress can be maintained on the options, Ministers have asked the Audit Commission to begin substantive preparatory work for outsourcing the 2012/13 audits. The Commission has 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 employee owned mutual.

9 Proposals on the future local audit framework are currently out for consultation and can be obtained at:

www.communities.gov.uk/publications/localgovernment/localpublicauditconsult.

10 CLG's consultation exercise, which is due to close on 30 June 2011, sets out proposals for a new audit framework where audit quality is regulated within a statutory framework and is overseen by the National Audit Office and the accountancy profession.

Improving value for money in adult social care (Audit Commission briefing)

11 The new Audit Commission briefing 'Improving value for money in adult social care' finds councils need to increase the pace and scale of change of efficiency in adult social care to release material savings and improve care for people. This is the first of three briefings looking at value for money in adult social care and can be obtained at www.audit-commission.gov.uk.

12 Expenditure in adult social care represents a significant proportion of a Council's overall expenditure and it is an area where the Council plans to make significant savings. The briefing identifies nine areas in which councils can make efficiency savings. They are procurement; staffing; back office; assessment and care management; prevention; personalisation; changing the balance of care; partnership and charging.

13 Most councils have addressed a combination of these factors, but no one council has made changes to all nine. We can help in four main ways.

- Procurement – helping councils use procurement and competition to shape local markets and create more efficient services
- Better budget management – helping managers to identify the reasons for budget variations and improve budget setting and monitoring
- Productive Partnerships - ensuring that partnership working is properly focused, efficient and is delivering results
- Better information better decisions - helping councils improve the effectiveness of data and information

14 We can apply improvement tools developed specifically for adult social care. These can be found on the Improvement Network and the Care Services Efficiency Delivery website. Your Audit Manager can provide further details.

Going the distance - Achieving better value for money in road maintenance (Audit Commission briefing)

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 The Council has identified Highways spending as a priority area in recent years operating with its successful highways alliance. The report includes a series of case studies which demonstrate how some councils have developed strategies that balance growing service demands with reducing resources which maybe of interest to the council.

19 The briefing can be obtained from www.audit-commission.gov.uk.

CIPFA and CIIA to promote and champion internal audit in the public services

20 The Chartered Institute of Internal Auditors (CIIA) and the Chartered Institute of Public Finance and Accountancy (CIPFA) are set to collaborate to drive the development of the internal auditing profession in the public services.

21 The joint working, endorsed by the councils of both institutes, will take advantage of the wealth of professional educational standards, qualifications and services that the institutes share. These will be made available both to internal auditors working in the public services and to

public financial accountants working in internal audit. The two chartered institutes will also recognise each other's continuing professional development standards and attainment.

22 The institutes also plan to work together to develop a joint framework for internal audit across the public services, based on the CIIA's global standards and supplemented by sector specific guidance.

23 The collaboration will ultimately help public service organisations improve how they manage risks, which comes at a time of increasing risk for those public service organisations managing spending reductions and wide-scale reforms.

Treasury management code essentials - CIPFA publication

24 CIPFA has published Treasury management code essentials. This summary provides those with responsibility for treasury management, such as local authority councillors, with a short summary of the essentials from Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (CIPFA's Treasury Management Code).

25 The document can be obtained from www.cipfa.org.

Key Considerations

26 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	In progress
2010/11	Opinion audit	Provide audit opinion on the 2009/10 financial statements	September 2011	Audit opinion	In progress
2010/11	WGA	Review Whole of Government Accounts (WGA) consolidation pack	September 2011	Certified WGA return	Not yet started