

Progress report to 8 December 2008 Audit Committee

Aylesbury Vale District Council

Audit 2007/08

November 2008

DRAFT

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The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

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

Progress report

Introduction

- 1 Our principal objective as the Council's appointed auditor is to carry out an audit which meets the Audit Commission's Code of Audit Practice. This report sets out the progress made in delivering the work set out in our 2007/08 and 2008/9 audit plans.

Our responsibilities

- 2 In carrying out audit work, we comply with the statutory requirements governing it, in particular:
 - the Audit Commission Act 1998;
 - the Code of Audit Practice (the Code).
- 3 Our audit is also planned to be consistent with the Commission's Strategic Plan. The Code sets out two key objectives for our audit:
 - accounts; and
 - use of resources.

Reporting

- 4 Each year, the Audit Commission, as part of its planning process, produces a risk-based audit plan, which is tailored to the individual circumstances of the Council and meets the requirements of the Code of Audit Practice. This includes a use of resources programme which takes account of Audit Commission national requirements and local projects arising from our risk-based planning.
- 5 The draft Audit Plan is discussed and agreed with the Head of Finance. It is circulated to other members of the management team for comment prior to presentation to the Council's Audit Committee.
- 6 The Audit Commission will report progress on the various elements of our work to the Council's Audit Committee as part of the regular progress report.
- 7 Draft and final reports will be sent to lead officers for comment/observation prior to being sent to the Audit Committee with, where relevant, a completed accompanying action plan.
- 8 A summary of the key findings will be reported in the Annual Audit and Inspection Letter.

Progress

9 Progress to date on our main blocks of work is set out in Appendix 1 and indicates when our work will be completed. We will provide reports, or other output as agreed, to the Audit Committee for each of the audits identified in the plan.

2007/08 audit

10 Progress on the planned outputs of our work programme for the 2007/08 audit is covered in Appendix 1.

11 As members will be aware, we have brought two annual governance reports to earlier Audit Committees. The final report - which is attached as a separate agenda item - sets out the final position and is based on our issuing an unqualified opinion on both the accounts and the vfm conclusion.

12 In addition, we have issued a draft report on data quality. This is because, as of the deadline for submission of papers to the Audit Committee, the Council was carrying out extended testing of one of the specific Best Value Performance Indicators (BVPIs) after our original work concluded that this was not fairly stated. A final report will be made available once this work is completed and we will give a verbal update on the outcome of this work to the Committee.

2008/09 audit

13 The plan for our 2008/09 audit was brought to the 17 March 2008 Committee. At that stage, the Commission was consulting nationally on its proposals for the scale of fees for 2008/09. The Commission has subsequently revised downwards its scale of fees and this is reflected in the audit plan which is submitted as a separate agenda for this Committee meeting.

14 This revised plan was agreed at the 24 June 2008 Committee.

Key contacts

15 If you have any concerns on the audit then please contact one of our key contacts.

Table 1 Key contacts for the audit

Mick and Michael are the key contacts for the audit

Name	Title
Mick West	Relationship Manager and District Auditor 0844 798 8990 m-west@audit-commission.co.uk
Michael Yeats	Audit Manager 0844 798 8973 m-yeats@audit-commission.co.uk

Appendix 1 – Planned outputs from 2007/08 audit

Table 2 Progress on the elements of the 2007/08 audit programme

Output	Details	Start date	End date	Finalised	Comments
Audit plan	Sets out the agreed content and timing of all aspects of the external audit for 2007/08 financial year.	Mar 2007	April 2007	April 2007	
Interim audit memorandum	Memorandum of issues arising from our assessment of the Council's key financial systems including evaluation and testing of key controls (with reliance on internal audit as appropriate).	Mar 2008	April 2008	April 2008	Our work is complete - we have incorporated the main findings from this and the opinion audit into our annual governance report.
Final accounts memorandum	Memorandum of issues arising from our audit of the Council's financial statements for 2007/08.	July 2008	Oct 2008	Nov 2008	We have incorporated the main findings into our final version of the annual governance report - see below.
Report to those charged with governance (ISA 260)	Our annual governance report in which - in accordance with the International Standards on Auditing - we report on the findings of our audit of the financial statements and our use of resources audit.	Sept 2008	Sept 2008	v1 Sept 2008 v2 Nov 2008 v3 Dec 2008	The third - and final - version is attached as a separate agenda item.

Appendix 1 – Planned outputs from 2007/08 audit

Output	Details	Start date	End date	Finalised	Comments
Whole of Government Accounts (WGA)	Audit of WGA data returns to ensure consistency with main financial statements.	Sept 2008	Sept 2008	Nov 2008	We have delayed completion of this work until finalising the opinion on the financial statements. This will be completed in November.
Audit Opinion	Audit of financial statements leading to: <ul style="list-style-type: none"> • audit opinion on the financial statements; • assessment whether the statement of internal control has been presented in accordance with relevant requirements. 	Sept 2008	Sept 2008	Nov 2008	An unqualified audit opinion was issued on 10 November 2008.
VFM conclusion	Conclusion on the Council's arrangements for ensuring economy, efficiency and effectiveness	Sept 2008	Sept 2008	Nov 2008	An unqualified audit opinion was issued on 10 November 2008.
Direction of Travel	Provides focus for continuous improvement. Up-date on progress assessment for reporting in the CPA scorecard.	Jan 2009	Feb 2009		This will be included in our Annual Audit and Inspection Letter in March 2009.
Data Quality (Performance Indicators)	<ul style="list-style-type: none"> • Review of overall arrangements to secure data quality • Completeness check of reported 	May 2008	Nov 2008	Nov 2008	We have completed the overall arrangements and completeness check. Work on the two HB BVPIs is ongoing.

Appendix 1 – Planned outputs from 2007/08 audit

Output	Details	Start date	End date	Finalised	Comments
	PI information <ul style="list-style-type: none"> Data quality spot checks on the two housing benefit BVPIs. 				Covered as a separate agenda item for this Audit Committee.
Grant claims (various)	Audit of a number of claims including NNDR and Housing Benefit claims	Sept 2008	Nov 2008		Housing Benefit claim is due for completion by the end of November 2008.
Use of resources	Qualitative assessments of the effectiveness of the Council's arrangements for use of resources based on our five key lines of enquiry (KLOEs).				Overall score 2 in 2007. (3 in 2006) Proposed score of 2 for 2008. Individual KLOE and overall assessment are currently subject to national moderation.
	Financial reporting	Sept 2008	Oct 2008		Score 1 in 2007 (2 in 2006) Proposed score of 1 for 2008 (due to issues arising from the opinion audit - annual governance report refers).
	Financial management	Apr 2008	Oct 2008		Score 3 in 2007 (3 in 2006) Proposed score of 3 for 2008.
	Financial standing	Sept 2008	Oct 2008		Score 3 in 2007 (3 in 2006) Proposed score of 3 for 2008.
	Internal control	Apr 2008	Oct 2008		Score 3 in 2007 (3 in 2006) Proposed score of 3 for 2008.

Appendix 1 – Planned outputs from 2007/08 audit

Output	Details	Start date	End date	Finalised	Comments
	Value for money	Apr 2008	Oct 2008		Score 2 in 2007 (2 in 2006) Proposed score of 2 for 2008.
Annual Audit and Inspection Letter	Summary of the main findings from our overall programme of work for the 2007/08 audit.	Jan 2009	Feb 2009		We aim to bring the 2007/08 annual audit and inspection letter to the 16 March 2009 Audit Committee.
Other work					
Triennial review of internal audit	Requirement of discharging our responsibilities is to carry out a triennial review of the Council's internal audit service to ensure it meets the relevant standards.	Jan 2008	Mar 2008	Mar 2008	Service is compliant with relevant standards; we are able to place reliance on internal audit's work as part of our audit. Some minor recommendations; discussed with the Head of Internal Audit but we do not intend to produce a report.
Capital programme management	Ensure effective overall arrangements for the management of the Council's large and complex capital programme.	Sep 2008			A project specification has been agreed with senior officers. This work will now be undertaken in addition to our 2008/09 audit work.

Source: Audit Commission