

EXTERNAL AUDIT PROGRESS REPORT

Corporate Director (Resources)

1 Purpose

- 1.1 To receive a report from the External Auditors on the progress of their work.

2 Recommendations/for decision

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| 2.1 The Committee is asked to note the contents of the External Auditors' report. |
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3 Supporting information

- 3.1 The External Auditors' progress report is attached at Appendix 1.

4 Reasons for Recommendation

- 4.1 This report forms part of the independent External Audit process. It is part of the Audit Committee's role to receive regular reports from the External Auditors on the progress of their current work at AVDC.

5 Resource implications

- 5.1 None.

6 Response to Key Aims and Objectives

- 6.1 The external audit review process underpins the Council's own performance management framework which is designed to ensure optimum delivery of the key aims and outcomes.

Contact Officer

Val Hinkins
01296 585343

Background Documents

Audit Committee papers 2009-2010
External Audit Draft Audit and Inspection Plan presented to Audit
Committee March 2009

Progress report to 7 December 2009 Audit Committee

Aylesbury Vale District Council

Audit 2008/09

November 2009

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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 the 2008/09 and 2009/10 audit programmes.

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 Letter.

Progress

- 9 Progress to date on our main blocks of work is set out in Appendices 1 and 2 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.

2008/09 audit

- 10 Progress on our work programme for the 2008/09 audit is covered in Appendix 1.
- 11 The Annual Audit Letter is attached as a separate agenda item. Please note that, although our work programme is complete, this document is in 'draft'. The Council has requested a review of its use of resources and managing performance assessments by the Audit Commission and the outcome of this is not known as of the date of submission of the Committee papers. There is at least one recommendation that refers to the assessment, and officers cannot respond to this recommendation until the outcome of the review is known. The Letter will be finalised once the outcome of the review is known.

2009/10 audit

- 12 An outline fee letter was discussed at the June 2009 Audit Committee. We are now required to review these quarterly to assess whether any changes are required in the fee. Our last quarterly review at the end of October did not identify, at this stage, any change in the fee.
- 13 Progress on our work programme for the 2009/10 audit is covered in Appendix 2. We will report on the more detailed work programme to the December Audit Committee.

Progress on the implementation of IFRS

- 14 At the presentation on the implementation of International Financial Reporting Standards (IFRS) at the 4 November 2009 Audit Committee, we were requested to include an update on progress towards this. As included in the 2008/09 Annual Audit Letter, and in response to a request for details on IFRS preparedness from the Audit Commission, we have assessed the Council as 'red' or at risk against these requirements. As with many councils, although you have identified the main additional requirements of IFRS, processes to address these are still at an early stage.
- 15 We will provide an update on progress to the next Audit Committee in February 2010.

Key contacts

16 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

17 If you have any queries on the Comprehensive Area Assessment (CAA) process, which includes the organisational assessment and managing performance workstreams, the lead for this work is Robert Hathaway.

Name	Title
Robert Hathaway	Comprehensive Area Assessment Lead (CAAL) 0844 798 5682 r-hathaway@audit-commission.co.uk



Appendix 1 – Planned outputs from 2008/09 audit

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 2008/09 financial year.	Mar 2008	April 2008	June 2008	Agreed at 24 June 2008 Audit Committee.
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 2009	April 2009	Sept 2009	Agreed at 4 November 2009 Audit Committee.
Final accounts memorandum	Memorandum of issues arising from our audit of the Council's financial statements for 2008/09.	July 2009	Oct 2009	N/A	Relevant issues were contained in 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 2009	Sept 2009	Sept 2009	Presented to the 15 September 2009 Audit Committee. Final, agreed report presented to 4 November 2009 Audit Committee.

Appendix 1 – Planned outputs from 2008/09 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 2009	Sept 2009	Sept 2009	The relevant return and report was sent to the department on 30 September 2009.
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 2009	Sept 2009	29 Sept 2009	An unqualified audit opinion was issued in the report on 29 September 2009.
VFM conclusion	Conclusion on the Council's arrangements for ensuring economy, efficiency and effectiveness.	Sept 2009	Sept 2009	29 Sept 2009	An unqualified vfm conclusion was issued in the report on 29 September 2009.
Grant claims (various)	Audit of a number of claims including NNDR and Housing Benefit claims.	June 2009	Nov 2009	Nov 2009	Work is now complete. No issues arising that we wish to bring to the Audit Committee's attention.
Use of resources	Qualitative assessments of the effectiveness of the Council's arrangements for use of resources based on our eight key lines of enquiry (KLOEs) on three themes.	Mar 2009	Nov 2009	Oct 2009	Included in the finalised annual governance report. Council assessed at level 2. Note this assessment is currently subject to review.

Appendix 1 – Planned outputs from 2008/09 audit

Output	Details	Start date	End date	Finalised	Comments
Annual Audit Letter	Summary of the main findings from our overall programme of work for the 2008/09 audit.	Jan 2009	Nov 2009		A draft Annual Audit Letter is attached as a separate agenda item.

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Appendix 2– Planned outputs from 2009/10 audit

Output	Details	Start date	End date	Finalised	Comments
Audit plan	Sets out the outline for the external audit for 2009/10 financial year.	Mar 2009	April 2009		A fee letter was sent to the Head of Finance in April 2009 setting out the outline fee. No subsequent increase in fee identified (to date).
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).	Nov 2009	April 2010		
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 2010	Sept 2010		
Whole of Government Accounts (WGA)	Audit of WGA data returns to ensure consistency with main financial statements.	Sept 2009	Sept 2009		

Appendix 1 – Planned outputs from 2008/09 audit

Output	Details	Start date	End date	Finalised	Comments
Audit Opinion	<p>Audit of financial statements leading to:</p> <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. 	End Sept 2010	End Sept 2010		
VFM conclusion	Conclusion on the Council's arrangements for ensuring economy, efficiency and effectiveness.	End Sept 2010	End Sept 2010		
Grant claims (various)	Audit of a number of claims including NNDR and Housing Benefit claims.	June 2010	TBA		
Use of resources	Qualitative assessments of the effectiveness of the Council's arrangements for use of resources based on our eight key lines of enquiry (KLOEs) on three themes.	Jan 2010	Sep 2010		
Annual Audit Letter	Summary of the main findings from our overall programme of work for the 2009/10 audit.		Nov 2010		