

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' have provided a progress report to the Committee meeting. This is attached at Appendix 1.

4 Reasons for Recommendation

- 4.1 This report forms part of the independent External Audit process. The Audit Committee's role requires it 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
Background Documents

Val Hinkins 01296 585343
Audit Committee papers 2009-10

External Audit

Progress

Report

Aylesbury Vale District Council

Audit 2009/10

March 2010

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Status of our reports

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.
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Audit update

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 2009/10 audit programme.

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. The plan is discussed and agreed with the Head of Finance.
- 5 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.
- 6 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.
- 7 A summary of the key findings will be reported in the Annual Audit Letter.

Progress

- 8 Progress to date on our main blocks of work is set out by when the work will be completed in Appendix 1 and when reports are due for the relevant audit outputs in Appendix 2.

2009/10 audit

- 9 Progress on our work programme for the 2009/10 audit is covered in Appendix 1.
- 10 We wish to bring to the Committee's attention the following change in the timing of our work. We were intending to bring our opinion audit plan to this Committee. This sets out the approach we will take for the opinion audit. It is based upon the work we have carried out to date and the findings of the interim audit, as well as the approach to the vfm conclusion that is derived from the use of resources work. We consider it would be more appropriate and useful to present this plan to the June 2010 Audit Committee when members will be reviewing the draft financial statements. This will help in 'dovetailing' our approach to the opinion audit with members' review of the draft financial statements and annual governance statement.

Progress on implementation of International Financial Reporting Standards (IFRS)

- 11 The Commission's national assessment of the preparedness of local authorities for the implementation of IFRS identified only one in five councils was well-prepared for the implementation. The Commission will be publishing a national report on IFRS preparations. This is unlikely to present a comforting picture to local government, central government and the Treasury with most considered to be making limited progress overall.
- 12 The Council has taken steps to identify and address those key areas where the implications of IFRS will require additional information. Our experience from similar work in the health sector - which was subject to a much more deadline-driven agenda - is that the arrangements in place will support the transition but that the implications and resources required for implementation should not be underestimated.

2010/11 fee letter

- 13 We were intending to bring our fee letter for the 2010/11 audit to this Committee. This letter would set out in broad terms the fee required to discharge our responsibilities under the Code of Audit Practice. The fee will also include the implications for the first-time implementation of IFRS and also the ongoing impact of the production of group accounts for Aylesbury Vale Estates.
- 14 As these indicative fees will be subject to internal moderation by the Audit Commission, we will bring this letter to the June 2010 Audit Committee.

Code of Audit Practice and Statement of Responsibilities of auditors and audited bodies

- 15 These documents set out our responsibilities as your external auditors and the Committee's responsibilities as those charged with governance. These documents are for information only but we hope will be a useful insight into these rights and responsibilities for new Committee members and as a reminder to existing members.

Audit update

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

The key contacts for the audit remain unchanged

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 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).	Feb 2010	April 2010		Our work is due to start shortly - we will present this report to 28 June 2010 Audit Committee.
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		We will present this report to 27 September 2010 Audit Committee.
Whole of Government Accounts (WGA)	Audit of WGA data returns to ensure consistency with main financial statements.	Sept 2010	Sept 2010		We will report the findings to 2 November 2010 Audit Committee.

Appendix 2 – Timing of reports to Audit Committee

Output	Details	Start date	End date	Finalised	Comments
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. 	End Sept 2010	End Sept 2010		To be issued by 30 September 2010.
VFM conclusion	Conclusion on the Council's arrangements for ensuring economy, efficiency and effectiveness.	Feb 2010	End Sept 2010		To be issued by 30 September 2010.
Annual governance report - claims	Audit of a number of claims including NNDR and Housing Benefit claims.	June 2010	Nov 2010		To be issued to either 2 November or 6 December 2010 Audit Committee (based on date of completion of work).
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		We will present this report to 27 September 2010 Audit Committee.
Annual Audit Letter	Summary of the main findings from our overall programme of work for the 2009/10 audit.		Nov 2010		We will present the Letter to 6 December 2010 Audit Committee.

Appendix 2 – Timing of reports to Audit Committee

Indicative dates for receipt by the Audit Committee of the main outputs from our programme of work for the 2009/10 audit programme are shown based on when our key outputs will come to the Committee and then the papers to expect for each of this year's Committees. Reports will be discussed and agreed with appropriate officers before being issued.

2009/10 audit programme output	Timing
Audit plan	Presented to April 2009 Audit Committee. Updated quarterly. If there are any changes we will bring these to either 28 June 2010 or 27 September 2010 Committee.
Opinion audit plan	28 June 2010 Committee
Interim audit memorandum	28 June 2010 Committee
Report to those charged with governance (ISA 260)	27 September 2010 Committee
Review of use of resources	Indicative scores to 28 June 2010 Committee Final scores reported 27 September 2010
Whole of Government Accounts (WGA)	2 November 2010
Annual Audit Letter	6 December 2010

Appendix 2 – Timing of reports to Audit Committee

Audit Committee	Audit Commission documents and reports due
15 February 2010	Progress report
15 March 2010	Progress report
28 June 2010	Opinion audit plan (changed from 15 March 2010 Audit Committee) 2010/11 audit fee letter (changed from 15 March 2010 Audit Committee) Interim audit memorandum Indicative scores for use of resources assessments (we will also keep officers informed of our rising findings as our work progresses) Progress report
27 September 2010	Annual governance report (the findings of our audit of the financial statements and our use of resources audit) Use of resources report
2 November 2010	Progress report (including WGA findings)
6 December 2010	Annual Audit Letter Annual Governance Report - grant claims Managing Performance and Organisational Assessment results Progress report
28 February 2011	Progress report Depending on timings we may bring the 2011/12 audit fee letter to this Committee.

The Audit Commission

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, covering the £180 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.

Copies of this report

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