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AUDIT COMMITTEE

22 July 2004

AGENDA
ITEM:

9.

EXTERNAL AUDIT OUTLINE AUDIT PLAN

Ward(s): ALL

Forward Plan: Yes

Portfolio: All

Service Area: Corporate perspective covering all service areas

Summary of report:

The report summarises the work the Audit commission plans to carry out over the next year in relation to both Audit and Inspection work. The plan will be finalised and agreed with officers within the next few weeks.

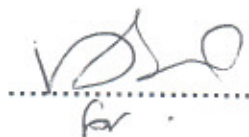
Background Papers:

Audit Commission Operational Plan audit and inspection fee scales 2004/05.

Recommendations

- To note the broad outline of the Audit Commission audit and inspection plan.

Signed


.....

Executive Director Carole Evans

Date:

13 July 2004

Resource and Legal Considerations

The responsibilities of Audit Commission inspectors are detailed in section 10 of the Local Government Act, 1999. Auditor's responsibilities are summarised in the Audit Commission's statement of key responsibilities of auditors and set out in the Audit Commission Act 1998.

Citizen Impact

The report is addressed to members and officers for the sole use of the audited body. The summary of the auditor's and inspector's work will be included in the annual letter to members which will be a public document.

Environment Impact

None directly relating to this report.

Performance Management and Risk Management Issues

The audit work provides an independent summary of the council's performance by the Audit Commission. It considers key issues for the council and is a way of objectively assessing (along with other material) how the council is progressing.

Equality Implications

None directly relating to this report.

Consultation

Initial discussions with officers about some issues in the outline plan have taken place. The full plan will be discussed within the next few weeks in order to formally finalise the work agreed.

Contact Officer:

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1. OVERVIEW

- 1.1 The outline plan is presented to members to provide a broad understanding of the areas which will be subject to audit and inspection work over the next year together with a broad indication of timescales for the work..
- 1.2 The audit work is carried out by a team who are familiar with the Council and its systems and procedures.
- 1.3 The plan is designed to:
 - Meet the duties of the external auditor as set out in the Audit Commission Act 1998, the Local Government Act 1999 and the Audit Commission Code of Audit Practice
 - Be risk based
 - Take account of the work done within the Council to provide internal assurance (particularly that of Internal audit)
 - Provide an independent assessment of the way in which the Council manages its affairs.

Audit Commission

Outline audit plan



OUTLINE EXTERNAL AUDIT AND INSPECTION PLAN

Audit committee 22 July 2004

Main areas of work

- Annual accounts
 - Financial aspects of corporate governance
 - Performance plan
 - Corporate performance assessment
 - Service inspections
 - Improvement work
 - Specific grant claims
-
- All summarised in Annual Letter

Annual accounts

- Assessment of core processes (main ledger, budgetary control, closedown processes)
- Testing of figures in the annual accounts and verification of the Statement of Internal Control
- Issue of an audit opinion on the annual accounts
- Detailed testing carried out July/ August each year .

Financial aspects of corporate governance

- Financial Standing
- Legality of significant financial transactions
- Fraud and Corruption
- Internal financial control
- Risk management
- Arrangements to manage performance.
- It will also take account of the work done as part of the CPA and the work completed by Internal Audit
- Work carried out mainly in January to April each year

Financial aspects of corporate governance

- Key issues for the coming year
 - Implementation of new systems (Oracle, Trent, Benefits, Document imaging)
 - Putting the Citizen First Project (finalisation of contract negotiations, transition to new delivery vehicle)
 - Implementation of performance management

Performance plan

- Audit of the data in the performance plan
- Audit work carried out July/August each year
- A separate opinion is given on the plan

Corporate Performance Assessment

- Carried out by a separate team using methodology laid down by the Audit Commission
- In 2004 this was carried out in March and the report has now been agreed.
- The Council has asked the Audit Commission to consider a further CPA in 2005

Service inspections

- A range of service inspections are carried out by Audit Commission inspectors (NB Education inspections are led by OFSTED and Social Care by CSCI)
- Currently planned
 - Environment
 - Follow up of 2004 Housing inspection

Improvement work

- Specific work is carried out following consultation with the Council and is designed to help improve the delivery of services.
- Following the interim board meeting of 2 July officers are considering the areas in which our work could be most beneficial to the council
- Extent of improvement work needs to take into account the incidence of recent inspections
- One aspect for consideration is the development and growth of partnership arrangements

Specific grant claims

- We audit a range of claims for specific grants following instructions laid down by the Audit Commission in conjunction with grant making government departments.
- This covers the period September to January each year.
- Total expenditure audited in this way is approximately £115mpa
- We now produce a short report to officers for each claim setting out any issues arising.

Annual letter

- Formal report to members
- Public document
- Sets out a summary of the key issues arising from all our audit and inspection work
- Submitted to members by 31 December each year.