

Audit Commission Progress Report

Thanet District 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** Our audit is designed to meet the requirements of the Audit Commission's Code of Audit Practice. Under the Code we are required to:

 - give our opinion on whether the financial statements present fairly the financial position and the income and expenditure for the year; and
 - issue a conclusion on whether the Council has proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 2** We design a programme of work to address the significant operational and financial risks facing you, which impact on our responsibilities. This report outlines progress against the 2010/11 audit plan.
- 3** We will issue quarterly update reports throughout the audit year to keep the Audit and Compliance Committee informed of progress.

Overview

4 This report sets out progress with the 2009/10 and 2010/11 audits. Further details of specific work undertaken are set out in Appendix 1.

2009/10

5 We have now completed our 2009/10 audit. The results of this are set out in:

- Our 2009/10 Annual Audit Letter (as presented to the last Governance and Audit Committee)
- Our 2009/10 Annual Report on the Certification of Grant Claims (see separate report on this committee agenda)

2010/11 annual accounts, including early work on IFRS restatement

6 Our detailed programme for the audit of your 2010/11 financial statements is set out in our opinion Audit Plan. This is included as a separate item on this agenda.

7 A key area on which we will focus for this year's audit is the Council's restatement of its accounts under International Financial Reporting Accounts (IFRS). We are scheduled to audit the 2009/10 restated accounts during March 2011.

8 Although the Council has a clear plan in place, IFRS is technically complex, new and will stretch capacity across all councils. Given the need for the Council to deliver the major budget cuts required by the comprehensive spending review when capacity is already stretched, our assessment is that this represents a 'red risk' (e.g high risk) area for Thanet. We have held regular discussions with the Head of Finance and she has taken action to strengthen the team including employing an external consultant to assist with specialist technical areas. It is important that the Council deliver on its planned programme between now and the end of June.

9 We will provide a further update on our work at the June meeting of the Audit and Compliance Committee. We will provide our opinion on the completed IFRS accounts by 30 September 2011.

Other matters of interest to the accounts: Proposed changes to the Accounts and Audit Regulations

10 In On 24 January 2011 the Department for Communities and Local Government (DCLG) published a consultation on its website: Revision and consolidation of the Accounts and Audit Regulations 2003 (SI 2003 No 533) as amended - consultation. It is proposed the revised regulations are implemented with effect from 31 March 2011 i.e. for 2010/11 accounts.

11 The proposed changes include a revised procedure for the approval and publication of statements of accounts and other accounting statements, so that members give their approval in the knowledge of the audit findings. The closing date for the consultation is 4 March 2011

12 There are a number of proposed revisions but the approval and publication of statements probably has the biggest potential impact for the Council.

13 We are in discussion with officers about the impact on their closedown process, as well as on reporting requirements for this Committee. We have agreed that we will keep to existing timetables for the handover of draft accounts and working papers to the audit team and for the timetable for the audit.

2010/11 VFM Conclusion

14 In 2010/11 the Audit Commission has introduced a new approach to its value for money assessment. In summary, the new approach is intended to be proportionate and risk based. This is based on two criteria, specified by the Commission, related to your arrangements for:

- securing financial resilience – focusing on whether the Council is managing its financial risks to secure a stable financial position for the foreseeable future; and
- challenging how the Council secures economy, efficiency and effectiveness – focusing on whether the Council is prioritising its resources within tighter budgets and improving productivity and efficiency.

15 Further details are set out in our Audit Plan, which is reported separately on this agenda.

Recent Publications

16 This section of the update report provides reference to our national reports that may be of particular interest to members of the Audit and Compliance Committee. For more information on these publications, please visit the audit commission website www.audit-commission.gov.uk

International Financial Reporting Standards: reporting on operating segments (October 2010)

17 The latest technical briefing paper in our series on implementing International Financial Reporting Standards (IFRS) in local government is 'Reporting on operating segments: Countdown to IFRS in local government'. The paper covers principles and practical issues that authorities should consider when reporting on operating segments.

Protecting the Public Purse (October 2010)

18 In our report Protecting the public purse: fighting fraud against local government and local taxpayers, we describe what has happened in the field of fraud detection and prevention since 2009 and set out the findings from our recent fraud survey. We identify more fraud risks and urge local councils and related bodies to focus on them

19 Last year England's councils detected around £99 million worth of benefit fraud, over £15 million worth of council tax fraud, and £21 million worth of other types of fraud including false insurance claims, and abuse of the disabled parking 'blue badge' scheme. In addition nearly 1,600 homes have been recovered by councils with a replacement cost of approximately £240 million.

20 We also describe the action taken by some councils to tackle fraud and provide links to tools to help councils improve their counter-fraud defences. Our updated checklist gives organisations providing public services another opportunity to consider how effective they are at responding to the risk of fraud.

Appendix 1 – Delivery of audit plan

21 The table below sets out the agreed work programme included in the 2009/10 and 2010/11 audit plans, with progress to date

Area of work identified in Audit Plan	Planned Output	Actual Output
2009/10 plan		
2009/10 Audit Fee Letters	March 2009	March 2009
2009/10 East Kent Partnership Review	Jan-Mar 2010	February 2010
2010/11 Audit Fee Letters	March 2010	April 2010
2009/10 Opinion Audit Plan	April 2010	April 2010
2009/10 Annual Governance Report	September 2010	September 2010
2009/10 Opinion and VFM Conclusion	September 2010	September 2010
2009/10 Whole of Government A/c's return	October 2010	October 2010
2009/10 Organisational Assessment	October 2010	No longer applicable
2009/10 Annual Audit Letter	November 2010	November 2010
2009/10 Annual Grant Claims Report	December 2010	February 2011
2010/11 plan		
2010/11 Audit Plan	March 2011	March 2011
2011/12 Audit Fee Letters	June 2011	
2010/11 Annual Governance Report	September 2011	
2010/11 Opinion and VFM Conclusion	September 2011	
2010/11 Whole of Government A/c's return	September 2011	
2010/11 Annual Audit Letter	November 2011	
2010/11 Annual Grant Claims Report	January 2012	

