

Progress report

Audit Committee 30 November 2011

Nottinghamshire County 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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Summary

This report summarises for the Audit Committee's information the progress to the end of November 2011 on the County Council and Pension Fund audits

Background

1 The statutory requirements governing our work are set out in the Audit Commission Act 1998 and the Code of Audit Practice.

2 The Code of Audit Practice (the Code) defines our responsibilities in relation to the financial statements and the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We are required to comply with the Code as well as professional auditing guidelines and standards. The Audit Commission mandates annually specific elements of the audit and inspection work. Our respective roles are also set out in the Audit Commission's published Statement of Responsibilities of Auditors and of Audited Bodies.

3 The 2010/11 and 2011/12 Audit Plans were agreed at the Audit Committee's April 2010 and May 2011 meetings.

2010/11 Audit

4 The planned County Council and Pension Fund audit work is complete. Unqualified audit opinions and an unqualified Value for Money Conclusion were given after the Audit Committee's last meeting on 29 September 2011. The Annual Audit Letter is being presented to the Audit Committee at its 30 November 2011 meeting.

5 All 2010/11 government grant claims or returns which require audit certification have been certified by their deadline. No amendments to the amounts claimed or qualification reports have been needed.

2011/12 Audit

6 We have started to update our initial risk assessments for the audit of the County Council and Pension Fund 2011/12 accounts and the audit work to support the year's Value for Money Conclusion. We have also continued to discuss current year accounting issues with officers and considered any matters brought to our attention by members of the public.

7 We will liaise with officers on the important matters during the remainder of the financial year. Updated audit plans will be presented to Audit Committee at its March 2012 meeting. These will detail the risks identified to both the financial statements audit and the Value for Money conclusion. The

changes to the Council's core financial systems during 2011/12 present a number of risks which will require specific audit work but at this stage we expect to contain any additional audit work within the scale fee. We will advise the Committee through the updated audit plans if this is not possible.

8 At this stage there are no specific concerns that we need to raise with the Audit Committee.

Audit Certificates for 2008/09, 2009/10 and 2010/11

9 The 2008/09, 2009/10 and 2010/11 audits have not been formally concluded due to objections to the 2008/09 and 2009/10 accounts by two separate electors concerning certain Penalty Charges monies paid to the Council by motorists.

10 The auditor considering the objections has determined one of the elector's objections to the 2008/09 and 2009/10 accounts. He has decided not to apply to the court for a declaration that there is an unlawful item of account, and not to issue a report in the public interest. The auditor has asked officers to supply further information regarding the other elector's objection to the 2008/09 accounts to enable that objection to be determined and allow the three years audits to be formally concluded.

Proposed work programme and scale of fees 2012/13

11 The Audit Commission has consulted on its 2012/13 proposed work programme and scale of fees. The consultation period closed on 24 October 2011. For 2012/13, the Commission proposes reducing audit fees for audited bodies by 10 per cent from the published 2011/12 scale fees, reflecting the Commission's continued reduction in costs.

12 The Audit Commission is currently undertaking an exercise to outsource the work of its in-house audit practice, following the announcement in August 2010 of the abolition of the Commission. The procurement timetable is for all new auditor appointments to be in place by 1 September 2012, for the 2012/13 audit year.

13 The Audit Commission will publish the final work programme and scales of fees for 2012/13 in April 2012, when the outcome of the outsourcing is known.