



External Audit Progress Report

Nottinghamshire County Council and Nottinghamshire Pension Fund
November 2016

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This report provides the audit committee with an overview on progress in delivering our responsibilities as your external auditors.


The report also highlights the main technical issues which are currently having an impact in local government.

If you require any additional information regarding the issues included within this report, please contact a member of the audit team.

We have flagged the articles that we believe will have an impact at the Authority and given our perspective on the issue:

 High impact

 Medium impact

 Low impact

 For information



External audit progress

External audit progress report

This document provides the Audit Committee with a high level overview on progress in delivering our responsibilities as your external auditors.

At the end of each stage of the audit we issue certain deliverables, including reports and opinions. A summary of progress against these deliverable is provided in Appendix 1 of this report.

Area of responsibility	Commentary
Financial statements	<p>Since the Audit Committee meeting on 7 September 2016 we have:</p> <ul style="list-style-type: none"> • Issued an unqualified opinion on your 2015/16 accounts on 28 September 2016. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year; • Produced our 2015/16 Annual Audit Letter as required by the National Audit Office’s Code of Audit Practice. The purpose of preparing and issuing the Annual Audit Letters is to communicate to external stakeholders, including members of the public, the key issues arising from auditors’ work. This information will be published on the PSAA website and is attached as a separate paper for the Committee’s information. We encourage you to publish this information on the Authority’s website; and • Commenced our planning work for the 2016/17 audit. We met the s151 officer on 10 November 2016 to to understand the current issues and priorities facing the Authority.
Value for Money	<p>Also on 28 September 2016 we issued a unqualified conclusion on the Authority’s arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016</p>
Whole of Government Accounts	<p>We completed our review of the Whole of Government Accounts and issued an unqualified opinion to the National Audit Office on 21 October 2016.</p>
Audit Certificate	<p>As reported to the Audit Committee in September, an objection to the accounts has been received from a local elector. This will delay us issuing our audit certificate until this matter has been concluded.</p>
Certification of claims and returns	<p>We also undertake the certification of the Teachers Pensions Return. Subject to matters arising from our certification work which is still in progress, we plan to conclude on the work by the deadline of 30 November 2016.</p>



Technical developments

Highways Network Assets

Level of impact: ● (High)	Management perspective
<p>Following a meeting on Wednesday 9 November, the CIPFA/LASAAC Local Authority Accounting Code Board has issued an important update on the measurement of the highways network asset.</p> <p>It has been decided to postpone the full implementation of the move to measuring the Highways Network Asset at Depreciated Replacement Cost in local authority financial statements, which had been planned to happen in 2016/17.</p> <p>The proposed delay is primarily due to the cost rates which were originally developed at the start of the project and now over five years old. For the last eighteen months CIPFA has been working with the relevant stakeholders, including the Department for Transport, to ensure that the review of the central rates for the measurement of the Highways Network Asset would be ready for the 2016/17 implementation date.</p> <p>New rates are critical to implementation given the time frame since the last rates were produced. Unfortunately, despite best efforts, it has become clear that these rates will not be ready in good time for the 2016/17 financial statements.</p> <p>CIPFA/LASAAC will review this position in March 2017, with a view to implementing this in 2017/18.</p>	<p><i>A report setting out the new Highways Network Asset accounting requirements was presented to Nottinghamshire County Council's Audit Committee in March 2016. In anticipation of the 2016/17 implementation date, a significant effort has been made to ensure the Authority is able to fully implement the requirements in accordance with published timescales. Finance and Highways staff will use the additional time to further refine the quality and completeness of asset data prior to the revised implementation date.</i></p>

NAO Report on Capital Expenditure and Resourcing

Level of impact: ● (Low)	Management perspective
<p>Committee members may wish to be aware that the National Audit Office has published its report <i>Financial Sustainability of Local Authorities: Capital Expenditure and Resourcing</i>. This report found that local authorities in England have maintained their overall capital spending levels but face pressure to meet debt servicing costs and to maintain investment levels in their existing asset bases.</p> <p>The report can be accessed via the NAO website at www.nao.org.uk/report/financial-sustainability-of-local-authorities-capital-expenditure-and-resourcing/</p>	<p><i>The Local Authority's capital expenditure and resourcing as well as associated prudential indicators are reported to Full Council annually as part of the Budget Report.</i></p>

PSAA's Value For Money Tool

Level of impact: ● (Low)	Management perspective
<p>The PSAA's Value for Money Profiles tool (VFM Profiles) was updated on 1 July 2016.</p> <p>The VFM profiles have been updated with the latest available data. The adult social care section has been re-designed based on the new adult social care financial return (ASC-FR). Data is available from 2014/15 onwards with no comparable data from earlier years. The children and young people section has also been updated with 2014/15 data.</p> <p>The VFM profiles have also been updated with the latest available data from the following sources:</p> <ul style="list-style-type: none"> — Adult Social Care Financial Return (new data collection) (2014/15) — Referrals, assessments and packages of care for adults (RAP) (2014/15) — Pupil numbers (2015) — Provision for Children Under Five Years of Age in England (2015) — Children in Care and Adoption Performance Tables (2014/15) — Key Stage 2 Attainment (2014/15) — GCSE and Equivalent Attainment by Pupil Characteristics in England (2014/15) — Section 251 outturn data - Table A1 Children and young people services (2014/15) — Section 251 outturn data - Table A Education budget (2014/15) — Special Educational Needs in England (2014/15) — Attainment by Age 19 (2014/15) — Participation in Education, Training and Employment by 16-18 Year Olds in England (2015) — Pupil Absence in Schools (2014/15) — National road maintenance condition survey (2014/15) 	<p><i>The Local Authority uses VfM tools to benchmark costs, performance and activity against other similar organisations.</i></p>

Technical developments

PSAA's Value For Money Tool (cont.)

Level of impact: ● (Low)	Management perspective
<ul style="list-style-type: none">— Proportion of bus services running on time (2014/15)— Annual Population Survey (2015)— Finance and General Statistics (2014/15)— Revenue Collection (2014/15)— Claimant count (2016)— Affordable housing supply (2014-15)— Active people survey (2014/15)— Public Health Outcomes Framework (2014/15)— Conception Statistics, England and Wales (2014)— First time entrants into the Youth Justice system (2014/15) <p>The Value For Money Profiles can be accessed via the PSAA website at http://vfm.psaa.co.uk/nativeviewer.aspx?Report=/profiles/VFM_Landing</p>	

Government contracting

Level of impact: ● (For Information)

The NAO has recently published an overview of its work on the government's management of contracting which Committee members may wish to be aware of, particularly in relation to value for money arrangements.

The publication examines subjects including the government's commercial capability, accountability and transparency, and its management of contracted-out service delivery. It finds that government now spends about £225 billion a year with private and voluntary providers. The role of providers in the public sector has evolved from relatively simple contracts to provide goods or established services, to innovative high profile commissioning arrangements in sensitive public service areas such as health and justice

The overview is available from the NAO website at www.nao.org.uk/report/government-commercial-and-contracting-an-overview-of-the-naos-work/



Appendix

Appendix 1

2015/16 audit deliverables

Deliverable	Purpose	Timing	Status
Planning			
Fee letter	Communicate indicative fee for the audit year	April 2015	Issued
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	January 2016	Issued
Substantive procedures			
Report to those charged with governance (ISA 260 report)	Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit. Commentary on the Council's value for money arrangements.	September 2016	Issued
Completion			
Auditor's report	Providing an opinion on your accounts (including the Annual Governance Statement). Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion).	September 2016	Issued
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	October 2016	Issued
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	October 2016	Issued



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