

Durham County Council

Audit Progress report

Audit Committee 26 June 2014

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1. Introduction

The purpose of this paper is to update the Audit Committee on our progress in meeting our responsibilities as your external auditor. We also include in this paper key emerging national issues and developments which may be of interest to the Audit Committee and actions that you may want to consider.

If you need any additional information please contact me or Catherine Banks using the contact details at the end of this update.

2. Summary of audit progress

We have completed our interim work on financial systems and we have started our early testing on journals and income and expenditure in advance of receiving the draft financial statements.. We have not identified any significant issues to date that require reporting to members. We have maintained a dialogue with officers working on the production of the Council's accounts. This has once again been a positive process and we envisage that this will help the audit of the accounts run more smoothly. We had regular meetings with officers leading up to the production of the draft financial statements, to discuss complex or potentially contentious issues so helping to resolve any matters in advance.

We have agreed 4 August 2014 as the date for the public to exercise their rights to raise questions on the financial statements.

3. National publications, events and other updates

LAAP Bulletin 98, Closure of the 2013/14 Accounts and Related Matters

CIPFA has published its annual guidance to the preparers of local authority accounts. The Bulletin provides additional guidance and clarification on new areas, or where there were difficulties last year.

We have discussed the Bulletin with finance staff.

Value for Money briefings

The Audit Commission's latest briefing on data from its VFM profiles, Managing Council Property Assets, focuses on asset management in local authorities. The report includes data from councils and fire authorities.

The Commission reported that:

- there are wide variations in the costs and performance of councils across a range of services/income streams. Councils can obtain better value by reducing their costs, collecting income that is due to them, and getting the best return from their money and assets, including property.
- councils need to manage their property actively to extract maximum value without having an adverse effect on services or their statutory objectives;
- they need good data to answer strategic and operational questions about how many properties they own or lease, whether they are in the right places, whether they should keep, sell, or transfer them, and how much they should invest in them.

<http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2/>

Annual fraud and corruption survey

The Audit Commission's annual fraud and corruption survey requests information on detected fraud and corruption for the 2013/14 financial year, including any housing benefit fraud greater than £10,000. Completion and submission of the survey by audited bodies is a mandatory requirement under section 48 of the Audit Commission Act 1998 and feeds into its overall annual report on fraud.

The Council has completed its return, and in line with requirements, we have reviewed responses for reasonableness.

Annual financial resilience survey

The Audit Commission's short financial resilience survey asks external auditors to assess how the Council is placed to respond to reduced financial resources. We will discuss our proposed responses with officers before completing the survey.

The National Audit Office (NAO)'s role in local audit

The NAO has published a paper outlining its new role in local audit under the Local Audit and Accountability Act 2014, when the Audit Commission is abolished. This includes:

- preparing the Code of Audit Practice
- VFM studies

<http://www.nao.org.uk/report/the-naos-role-in-local-audit/>

An introductory guide to local government finance (2014 edition)

CIPFA has updated its guide on local government finance for all those with an interest in public services. It is designed to be easy to read and give the reader the key information they need at their fingertips.

Contact details

If you would like further information on any items in this briefing, please contact me or Catherine Banks.

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