

# Progress Report

## February 2010

Stockton on Tees Borough Council

Audit 2009/10

Date

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## Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
  - any third party.
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# Introduction

- 1 This briefing provides a summary to inform the Audit Committee of the progress on the audit to date.
- 2 This update also highlights key emerging national issues and developments that Members may find interesting.
- 3 If you require any additional information regarding the issues included in this briefing, please contact Catherine Andrew (Audit Manager) or Lynne Snowball (District Auditor)

## 2008/09 Audit

- 4 We reported to the Audit Committee in September that we had completed the audit of the 2008/09 financial statements and gave the opinion on the accounts. We were unable to issue the certificate and close the audit of the accounts as there was an outstanding objection in respect of the taxi licensing account.
- 5 We have completed our consideration of the objection and it was not upheld. We issued the certificate on the accounts on 10 February and a copy of the letter to the Council is attached.

## 2009/10 Audit

- 6 Our approach to planning has changed for 2009/10 and instead of producing a full audit plan in April 2009, which is several months before we start any work, we now prepare a letter at the beginning of the audit year, with a detailed plan later.
- 7 We issued our 2009/10 fee letter to the Chief Executive and Audit Committee in April 2009.
- 8 We are currently reviewing our initial risk assessment to update our opinion plan for changes since April and are carrying out walk through testing of the significant financial systems. We will present our revised plan and any matters arising from the review of Internal Audit at the next Audit Committee meeting.
- 9 We have had discussions with officers about our approach to the Use of Resources assessment for 2009/10 and have prepared a gap analysis and work plan for each of the key lines of enquiry. Officers have provided a list of key contacts and we plan to carry out the work in the period up to the end of March.

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# Other developments

10 Since the last meeting of the Audit Committee, the following developments have occurred that are relevant or may be of interest to Members.

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## Audit Commission national reports

- 11 The Audit Commission, with our partner inspectorates, launched the first joint judgement on the [Oneplace website \(external link\)](#). Oneplace divides the country into 152 areas, measuring how well local services work together to meet both their own priorities and government indicators across a range of services. The Comprehensive Area Assessment Lead gave a short briefing on Oneplace to members in November.
- 12 The Audit Commission's report [Protecting the public purse](#) published on the 15 September considers the key fraud risks and pressures facing councils and related bodies and identifies good practice in fighting fraud. It calls on them to urgently re-assess their counter fraud plans and to ensure staff understand, and have faith in whistle-blowing arrangements. We have provided copies of the Executive Summary with this briefing.
- 13 The following Audit Commission reports have been published over the last six months:
- [Room for improvement](#) - a review of strategic asset management in local government
  - [Valuable lessons](#) - improving economy and efficiency in schools
  - [Is there something I should know?](#) - this report looks at how councils use information to make decisions. It encourages chief executives, senior officers and lead members to be more demanding about the information they seek and use.
  - [Building better lives](#) - getting the bests from strategic housing
  - [Lofty ambitions](#) - This report examines and reports on the progress made by councils to cut CO2 emissions in their areas. It gives practical examples to show councils how they can tackle emissions, and at the same time help to reduce fuel poverty. The report also considers how councils can achieve improvements in value for money from their actions to reduce CO2.
  - [Means to an end](#) - This report reviews the joint financing and integrated care arrangements between NHS bodies and councils with adult social care responsibilities. The report's recommendations and examples of notable practice aim to help national and local bodies better understand the options available, how to use them and to achieve better outcomes for service users.
  - [Nothing but the truth?](#) - This paper sets out important issues as the basis for discussion on how to ensure data about local public services is fit for purpose. It asks if citizens, along with frontline staff, managers, politicians, central government and local public service regulators, can have confidence in the data they rely on. And if not, what needs to be done about it?

## Other developments

- [Auditing the accounts: Quality and timeliness of local government financial reporting - Audit Commission](#) - summarises the results of our work on the 2008/09 accounts and use of resources. It includes sections on financial statements, use of resources, auditor reporting and challenges for 2009/10.
- 14** The Audit Commission has also published a number of good practice case studies from the results of the use of resources work. These can be found at [Good practice and case studies - Audit Commission](#) on the website.
- 15** The [use of resources auditor guidance](#) is now available on the Audit Commission's website
- 16** On 20 November 2009 the Audit Commission published two important reports on the quality of its work and that of its appointed auditors. This includes the view of the Audit and Inspection Unit who carry out independent reviews of our work:
- Audit practice annual quality report; and
  - Audit quality review process.
- Copies of these reports are on the agenda for discussion.

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## Other Audit Commission communications

- 17** The annual final accounts workshops are being held in January and February. The aims of the workshops are to:
- Inform officers of key issues affecting the preparation and audit of the financial statements;
  - Help local government bodies achieve a smooth and trouble-free final accounts and audit process for 2009/10; and
  - Identify the practical issues relating to the introduction of the International Financial Reporting Standards (IFRS).
- A number of the Council's officers are attending these workshops.
- 18** The Audit Commission has published its proposed work programme and scale of fees for the [National fraud initiative 2010/11](#) . It is seeking comments from local government bodies on the proposals by 19 February.

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## CIPFA publications

- 19** There have been a number of CIPFA publications recently:
- Statement on the role of the Chief Internal Auditor;
  - Treasury management in the public services code of practice and guidance notes;
  - Prudential code for capital financing;
  - The Statement of Recommended Practice (SoRP) and guidance notes for 2009/10 accounts;
  - The Best Value accounts code of practice for 2009/10; and

- The local authority code of accounting practice based on IFRS.

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### Other publications

- 20** The Treasury has published the Whole of Government Accounts newsletter November 2009
- 21** The DCLG launched a consultation on changes to the capital financing system.
- 22** CIPFA/SOLACE published a discussion paper [After the downturn](#) - managing significant and sustained adjustment in public sector funding.

# The Audit Commission

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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## Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

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For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

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