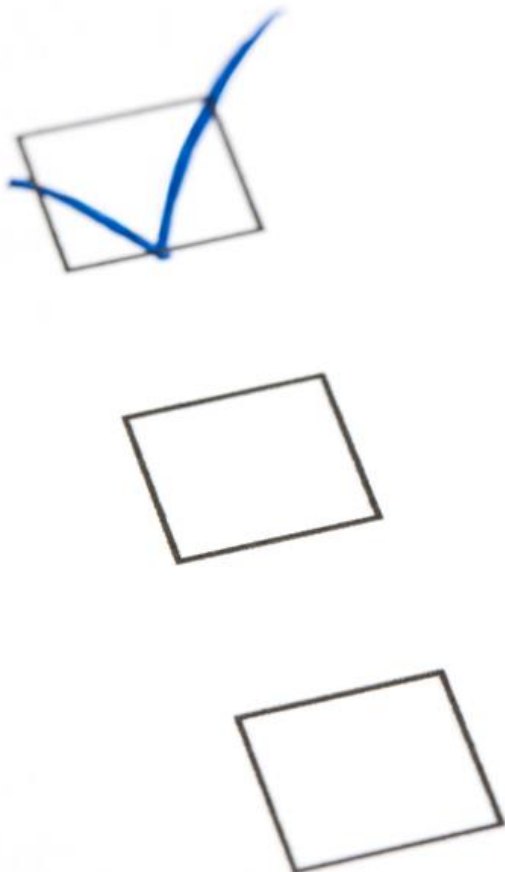


Stockton-on-Tees Borough Council



Audit Progress Report

September 2014



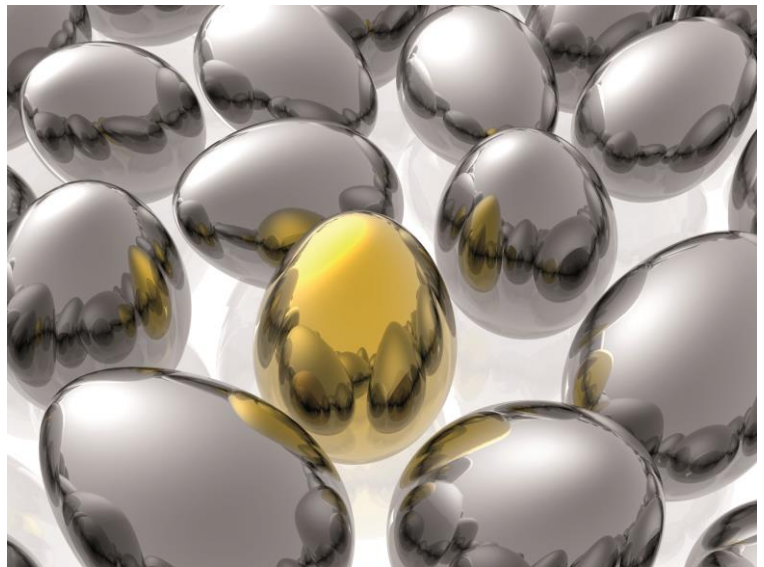
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Our reports are prepared in the context of the Audit Commission's 'Statement of responsibilities of auditors and audited bodies'. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Authority and we take no responsibility to any member or officer in their individual capacity or to any third party.

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Purpose of this paper

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 Mark Kirkham or Martin Barnes using the contact details at the end of this update.

Finally, please note our website address (www.mazars.co.uk) which sets out the range of work Mazars carries out across the UK public sector. It also details the full extent of services Mazars provides within the UK and abroad.

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Summary of audit progress



Audit of the 2013/14 financial statements

Our audit of the Council's financial statements is now at an advanced stage, and we will present our Audit Completion Report at the Committee's meeting on 29 September 2014. We expect to be able to fulfil our statutory responsibilities within the applicable timetable.

We presented our Audit Strategy Memorandum (ASM) to you in June 2014 and this included a list of significant risks to address in our audit. We are required to remain alert to emerging risks throughout the audit and report any new significant risks to you together with the planned response.

The Audit Completion Report refers to an additional significant risk in relation to the VFM conclusion. We agreed this with the Council and the Audit Commission, who increased the scale fee for 2013/14 to reflect the additional work necessary.

The Audit Commission also issued a variation to the scale fee to reflect the additional work required of auditors, due to the NDR3 Non-Domestic Rates Return no longer being independently certified.

Whole of Government Accounts returns

Our work on the Council's Whole of Government Accounts return is also at an advanced stage. We are required to submit our assurance statement to the NAO on or before 3 October 2013, but expect to do so on 30 September 2014.

Certification of claims and returns

Work on the 2013/14 Housing Benefits Subsidy Claim is ongoing, and we expect to be able to complete our work and certify the claim before the Department of Work and Pensions deadline of 30 November 2014.

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Emerging issues and developments

The following pages outline for your attention some significant emerging issues and developments in respect of:

- Regulatory Compliance and Quality Review Programme - Annual report 2014;
- Annual Regulatory Compliance and Quality Report - Mazars LLP;
- Councils' expenditure on looked after children – VFM Briefing;
- NFI information packs; and
- Local Authority Accounting Panel (LAAP) Bulletins.

Emerging issues and developments

Issue / development	Possible action
<p>Regulatory Compliance and Quality Review Programme - Annual report 2014</p> <p>The Audit Commission recently published the outcomes from its monitoring of the performance of all its audit firms. The report concludes that audit quality was maintained in the year following transfer of staff from the Commission's Audit Practice to firms, and the introduction of new firms to the regime. The Commission is satisfied that the risks of audit failure remain low; that all firms are meeting the Commission's regulatory requirements; and that all firms are continuing to produce work to an acceptable standard.</p>	<p>The results of monitoring by the Commission provides the Council and other stakeholders with assurance that high-quality audits are being delivered.</p> <p>The report can be found at http://www.audit-commission.gov.uk/audit-regime/audit-quality-review-programme/</p>
<p>Annual Regulatory Compliance and Quality Report - Mazars LLP</p> <p>This report, published in June 2014, summarises the results of monitoring work by the Audit Commission as described above, for Mazars LLP.</p> <p>The Firm was rated 'Green' overall, and the Audit Commission concluded that the Firm 'has performed well in its first year in the Commission's regime. All of the 2013/14 regulatory compliance indicators have been scored as green. In addition, audited bodies are satisfied with the performance of Mazars as their auditor'.</p>	<p>The report is available from http://www.audit-commission.gov.uk/wp-content/uploads/2012/11/Mazars-2013-14-Annual-Regulatory-Compliance-and-Quality-Report.pdf</p>

Emerging issues and developments

Issue / development	Possible action
<p>Councils' expenditure on looked after children</p> <p>This Audit Commission VFM briefing provides an overview of councils' expenditure on children's social care and looks in more detail at expenditure on children who are looked after, with a particular focus on foster care. The briefing suggests how councils can use national and local data about activity and costs to identify ways of delivering better value for the money they spend.</p>	<p>We provided the Briefing to our key contacts at the Council.</p> <p>The document is at: http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2/</p>
<p>NFI information packs</p> <p>The Audit Commission has distributed information packs for elected members with responsibility for finance and audit at councils. Copies were also sent to directors of finance and NFI key contacts for information. The pack brings together key facts about the NFI, the Council's NFI outcomes and comparisons to your nearest neighbours.</p>	<p>Further information on the National Fraud Initiative can be found at http://www.audit-commission.gov.uk/national-fraud-initiative/nfi-reports/</p>
<p>Local Authority Accounting Panel (LAAP) Bulletins</p> <p>CIPFA recently published:</p> <ul style="list-style-type: none"> • LAAP Bulletin 99 – Local Authority Reserves and Balances • LAAP Bulletin 100 - Project Plan for Implementation of the Measurement Requirements for Transport Infrastructure Assets by 2016/17 	<p>The bulletins include some significant developments for local authority accountants and Finance departments.</p>

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Contact details



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