

Quarterly Progress report

[September 2011]

Blackburn with Darwen Borough Council

Audit 2010/11

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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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Introduction

- 1 Our audit fees letter in April 2010 set out the work we propose to undertake over the course of the 2010/11 audit. We have issued a detailed audit plan in March 2011 which sets out our planned work.
- 2 This statement shows the current position on our audit work as at 8 September 2011.

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Appendix 1 – Position Statement

Audit work	When the work will be carried out	Date and nature of the output	Latest position
Financial statements			
Financial statements - we will document and test key financial systems to support our work on the financial statements. We will seek to rely on Internal Audit's work, where possible.	January - April 2011	Report where appropriate May 2011	Work on updating and testing key financial systems is complete - there are no issues or risks that we need to report to the Audit Committee. We have completed our IT risk assessment and whilst controls overall are adequate we identified some areas where

Audit work	When the work will be carried out	Date and nature of the output	Latest position
			arrangements could be strengthened. Our report was discussed at the June Audit Committee
The implementation of international financial reporting standards (IFRS) to local government accounts in 2010/11 will require good planning to ensure an efficient transition to the new financial reporting requirements. I will continue to liaise with key finance staff on the key changes required and the plans in place to address them. I will review the Council's restated 2009/10 accounts when they are available and discuss any significant matters arising with officers before they produce the 2010/11 draft accounts.	March 2011	Report where appropriate May 2011	We have had ongoing discussions with officers about IFRS in recent months. We have reviewed the restated 2009/10 accounts. No significant issues arose.
The Council has entered into an agreement with Blackburn with Darwen Care Trust Plus under the National Health Service Act 2006 for integrating spending on local health and social care. The Council has transferred responsibility and a number of staff together with funding of some £54million in 2010/11 to the Care Trust Plus, although this money is still being accounted for in the	March -April 2011	Report if required during audit	Our review of arrangements and discussions with officers indicate that sound financial arrangements have

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Council's accounts. This is the first year of the agreement and it is important that sound financial arrangements are in place for managing these funds with the Care Trust Plus. The funds need to be properly accounted accounts and appropriate controls put in place. Current indications suggest the position is being appropriately managed to date			been put in place between the Council and the Care Trust Plus. Appropriate controls are in place.
The Council continues to face increased financial pressures linked to the comprehensive spending review. It is important the Council continues to closely monitor and manage its financial position in 2010/11. Current information indicates that the Council's financial position is being effectively managed during the year to date	Ongoing monitoring	Report if required during audit	We have monitored the position through our review of reports and council minutes and discussions with officers. The Council's financial position has been effectively managed in 2010/11.
The new clarified International Standards on Auditing (ISAs) will apply to the audit of your 2010/11 financial statements. I will work with officers to ensure your financial statements reflect the clarified ISA requirements covering year-end journal adjustments, related party transactions, accounting estimates, group accounts and	Jan -April 2011	Report where appropriate May 2011	We had discussions with officers. Officers have provided have provided further information around

Audit work	When the work will be carried out	Date and nature of the output	Latest position
internal control. My initial indications suggest these are being appropriately addressed by officers			related party transactions and group accounts in particular. The clarified ISAs have been addressed appropriately.
We will carry out our audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).	July - September 2011	Audit Opinion September 2011	Our work is substantially complete and our draft Governance Report is on the agenda on 20 September.
We are also required to review whether the Annual Governance Statement has been presented in accordance with relevant requirements, and to report if it does not meet these requirements or if the Annual Governance Statement is misleading or inconsistent with our knowledge of the Council.	July - September 2011	Audit Opinion September 2011	We have reviewed the Annual Governance Report and are satisfied it meets the relevant criteria
Value for money			
Value for money conclusion. The Code requires us to issue a conclusion on whether the Council has put in place proper	August – September	Audit Report	We plan to issue an unqualified vfm

Audit work	When the work will be carried out	Date and nature of the output	Latest position
arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion.	2011	September 2011	conclusion
<p>3 This is based on two criteria, specified by the Commission, related to your arrangements for:</p> <ul style="list-style-type: none"> ■ securing financial resilience – focusing on whether the Council is managing its financial risks to secure a stable financial position for the foreseeable future; and ■ challenging how the Council secures economy, efficiency and effectiveness – focusing on whether the Council is prioritising its resources within tighter budgets and improving productivity and efficiency. <p>I will plan a programme of VFM audit work based on my risk assessment.</p>	January - July 2011	Report with Annual Governance Report September 2011	Initial risk assessment undertaken. A Survey on financial resilience by the Audit Commission was undertaken during March. Further work and final risk assessment is now complete. We plan to issue an unqualified vfm conclusion



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Whole of Government Accounts (WGA)			
We will be required to review and report on your WGA consolidation pack in accordance with the approach agreed with HM Treasury and the National Audit Office which is proportionate to risk.	September 2011	Audit Report	We aim to complete this work and report by 30 September 2011

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Audit work	When the work will be carried out	Date and nature of the output	Latest position
Certification of grant claims and returns			
<p>We will continue to certify the Council's claims and returns on the following basis.</p> <ul style="list-style-type: none"> ■ Claims below £125,000 will not be subject to certification. ■ Claims between £125,000 and £500,000 will be subject to a reduced, light-touch certification. ■ Claims over £500,000 will be subject to a certification approach relevant to the auditor's assessment of the control environment and management preparation of claims. A robust control environment would lead to a reduced certification approach for these claims. 	August - November 2011	Audit Certificates on individual claims	We have received a schedule of anticipated 2010/11 claims. This work is underway and we expect to meet the relevant deadlines