

Audit Committee Progress Report

June 2011

London Borough of Sutton

Audit 2010/11

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** The purpose of this paper is to provide the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.
- 2** This update also seeks to highlight key emerging national issues and developments which may be of interest to members of the Committee. It includes issues that are relevant to you as a Local Authority.
- 3** Finally, if you require any additional information regarding the issues included within this briefing, please feel free to contact me or the Audit Manager using the contact details at the end of this update.

Lindsey Mallors

District Auditor

16 June 2011

Progress Report

Progress on the 2010/11 Audit

4 At the Audit Committee in March, I presented the Audit Plan for 2010/11. This set out the work I need to do to give an opinion, the specific risks I identified relating to your financial statements and my testing strategy to address the risks identified.

5 My team began their detailed work on your financial systems in February, documenting key financial systems and identifying and testing key controls within these systems. Internal Audit are currently undertaking further detailed testing and we intend to rely on their work where possible. We will perform a review of their testing and findings to confirm that reliance can be placed upon their work.

6 The Councils re-statement of the opening balances under International Financial Reporting Standards is completed and we will be auditing this shortly. I will present my findings to management once the work is complete. Any significant issues will be reported to the Audit Committee in due course.

7 I present the pension fund fee letter 2011/12 to this meeting. The total indicative fee for 2011/12 is £35,000 (exclusive of VAT) which compares to the planned fee of £35,000 for 2010/11 and is in line with the Audit Commission's scale fee.

Government announcement about the future of the Audit Commission

8 On 2 June, Sir Bob Kerslake, the Permanent Secretary at the Department for Communities and Local Government (DCLG) wrote to local authority chief executives providing an update on the future of local audit.

9 The government's consultation on the new audit framework remains open until 30 June. The letter confirms progress on the government's plans to transfer the work of the Audit Commission's audit practice to the private sector and sets out the two options that ministers are considering.

10 The letter and press release can be found at the DCLG website at <http://www.communities.gov.uk/publications/localgovernment/bklocalauditletter> and <http://www.communities.gov.uk/news/localgovernment/1914468> respectively.

11 Eugene Sullivan, Chief Executive of the Audit Commission responded:

'As Grant Shapps said, we have been working closely with the Department on options to externalise the work of the in-house audit practice. We have agreed to the Permanent Secretary's request to start preparatory work for the potential outsourcing with effect from 2012/13 audits.'

'We have been asked to design a procurement process that allows a range of firms to bid, including the possibility of an in-house bid, which could form the basis of a new and distinctive provider in the market, possibly a mutual.'

12 We will update the Committee if there are further developments before the meeting.

Other information

13 I have also provided the Audit Committee with a summary of recent Audit Commission national reports. I can provide further detail to the Committee where they would find this helpful.

14 We seek to help councils improve by:

- helping them to establish firm foundations of good management;
- helping elected Members, managers and officers to deliver value for money; and
- looking at how users experience services across organisational boundaries.

15 One mechanism for driving improvement is the national reports that we produce. This section of the Audit Committee's progress report summarises for Members information, the headline messages from the latest Audit Commission national reports.

16 We issue all our reports to the Chief Executive and they are available to Members on the Audit Commission's website at www.audit-commission.gov.uk.

Summary of recent Audit Commission national reports

Improving value for money in adult social care (June 2011)

17 'Improving value for money in adult social care' is the first in a series of briefings that will look at value for money in health and social care.

18 This briefing finds that, as demographic change and financial pressures combine to create tough times for adult social care, councils have looked at many aspects of the service in order to provide better, more efficient services.

19 Better procurement, improved back office arrangements, and a preference for community-based rather than residential care where possible, are just some of the changes that local authorities have implemented to help them meet the challenges they face.

20 But the briefing also finds that the pace and scale of change need to increase if councils want to release material savings, as well as improve care for people.

21 Further details can be seen on the Commission's website:

<http://www.audit-commission.gov.uk/nationalstudies/localgov/Pages/vfmadultsocialcare.aspx>

Going the distance - Achieving better value for money in road maintenance (May 2011)

22 'Going the distance - Achieving better value for money in road maintenance' looks at the challenges faced by the country's 152 council highways authorities.

23 England's 236,000 miles of local roads - used by 30 million drivers every day - are under attack from increasing traffic, severe winters, higher repair costs, and dwindling highways funding.

24 The report highlights how councils can get more for their money, including cost-saving collaborations with neighbours, asset management to show when road maintenance will be most effective, new ways of keeping residents informed, and weighing short-term repairs against long-term resilience.

25 It includes a series of case studies which demonstrate how some council's have developed strategies that balance growing service demands with reducing resources.

26 Further details can be seen on the Commission's website:

<http://www.audit-commission.gov.uk/nationalstudies/localgov/pages/20110526goingthedistance.aspx>

Contact Details

27 If you would like further information on any items in this briefing, please feel free to contact either your Engagement Lead or Audit Manager.

28 Alternatively, all Audit Commission reports - and a wealth of other material - can be found on our website: www.audit-commission.gov.uk.

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