

Audit and Accounts Committee Update

June 2012

Rossendale Borough Council

Audit 2011/12

The Audit Commission is a public corporation set up in 1983 to protect the public purse.

The Commission appoints auditors to councils, NHS bodies (excluding NHS foundation trusts), police authorities and other local public services in England, and oversees their work. The auditors we appoint are either Audit Commission employees (our in-house Audit Practice) or one of the private audit firms. Our Audit Practice also audits NHS foundation trusts under separate arrangements.

We also help public bodies manage the financial challenges they face by providing authoritative, unbiased, evidence-based analysis and advice.

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Introduction

1 The purpose of this paper is to provide the Audit and Accounts Committee with a report on progress in delivering our responsibilities as your external auditors. It includes an update on the externalisation of the Audit Practice.

2 This paper also seeks to highlight key emerging national issues and developments which may be of interest to members of the Audit and Accounts Committee. The paper concludes by asking a number of questions which the Committee may wish to consider in order to assess whether it has received sufficient assurance on emerging issues.

3 If you require any additional information regarding the issues included within this briefing, please feel free to contact me or your Audit Manager using the contact details at the end of this update.

4 Finally, please also remember to visit our website (www.audit-commission.gov.uk) which now enables you to sign-up to be notified of any new content that is relevant to your type of organisation.

Karen Murray
District Auditor

June 2012

Progress report

Financial statements

5 My 2011/12 Audit Plan sets out my approach to the audit and risks I have identified. I presented my Audit Plan to the Audit and Accounts Committee in March 2012.

6 My audit of your financial statements will commence shortly. I will report the findings from my audit to the Audit and Accounts Committee in September 2012.

VFM conclusion

7 The criteria against which I make my assessment of your VFM arrangements have remained unchanged from last year and are:

- the organisation has proper arrangements in place to secure financial resilience; and
- the organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

8 I am currently undertaking my review of the Council's arrangements for securing Value for Money. I will also consider your final outturn position for 2011/12 and progress in delivering the 2012/13 budget before I report my findings in my Annual Governance Report in September.

Purchase of the Valley Centre

9 I have received two letters from local electors in the Borough raising concerns about the Council's purchase of the Valley Centre. I am currently considering these issues. I am also reviewing the purchase as part of my audit of the 2011/12 accounts.

10 Since the issues raised by the electors did not form part of my original audit plan, I will need to charge an additional fee. I will inform the Audit and Accounts Committee of the results of my review and the fee in due course.

Other matters of interest

National Fraud Initiative (NFI) 2010/11 National Report

11 On Wednesday 16 May 2012 the Audit Commission published the National Fraud Initiative (NFI) 2010/11 National Report. The National Fraud Initiative 2010/11 in England has identified almost £229 million of fraud, overpayments and errors. This is made up of £139 million for 2010/11 plus £90 million of outcomes not previously reported from earlier exercises. Over the same time period, £47 million of fraud, overpayments and error were identified in Scotland, Wales and Northern Ireland, raising the UK-wide total to £275 million traced.

12 Since the initiative's start in 1996, the programme has helped detect £939 million, taking it a step closer to achieving a £1 billion payback to the public purse since the initiative began.

13 The NFI is a data matching exercise. It compares information held by and between around 1,300 organisations including councils, the police, hospitals and 77 private companies. This helps to identify potentially fraudulent claims, errors and overpayments, all hosted on a secure website. When there is a match, there may be something that warrants investigation. For example, when data matching shows a person listed as dead and also in receipt of a pension, the relevant body will investigate and, if appropriate, stop pension payments.

14 The report is supported by a Council Members' briefing and checklist, and case studies of successful outcomes both in the private sector and public sector.

NFI Work Programme and Scale of Fees 2012/13

15 On Wednesday 30 May 2012 the Audit Commission published the NFI Work Programme and Scale of Fees 2012/13. The Audit Commission consulted on proposals for the 2012/13 NFI work programme and scale of fees from 10 February to 23 March 2012. The consultation did not propose to introduce any new mandatory data matches in the NFI 2012/13, so the main work programme will remain unchanged from NFI 2010/11.

16 In recognition of the financial pressures that public bodies are facing in the current economic climate, the consultation proposed that the scale of fees for mandatory participants would remain the same as for NFI 2010/11.

17 Following the consultation, the NFI Work Programme and Scale of Fees 2012/13 confirms these proposals. The scale fee for Rossendale Borough Council will remain unchanged at £2,200.

CIPFA Treasury Risk Management Toolkit

18 CIPFA recently published a Treasury Risk Management Toolkit to provide further practical help for local authorities to understand and manage the treasury risks in their debt and investment portfolios.

19 The toolkit looks at an authority's total debt and investment portfolios in the round, and provides a suite of reports and techniques for treasury practitioners to define the authority's risk appetite, measure the risks it is taking relative to its risk appetite, and manage the portfolio accordingly.

20 Written by and for treasury practitioners, the toolkit intends to provide both a conceptual framework and a practical set of tools for managing treasury risk. As well as addressing the major types of risk, the Toolkit also examines key areas of risk which may be less understood, including a detailed analysis of LOBOs and how to approach them and the evaluation of debt restructuring operations.

Key considerations

21 The Audit and Accounts Committee may wish to consider the following questions in respect of the issues highlighted in this briefing paper.

- Has the Council circulated the briefing for elected members on the National Fraud Initiative National Report?

Contact details

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

23 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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- any third party.



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