

MEETING:	AUDIT AND GOVERNANCE COMMITTEE
DATE:	6 JULY 2012
TITLE OF REPORT:	AUDIT & GOVERNANCE COMMITTEE UPDATE FROM THE AUDIT COMMISSION
PORTFOLIO AREA:	CORPORATE SERVICES

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To provide an update on the progress of the Audit Commission delivering their responsibilities as the council's external auditors. It also updates the Committee on the externalisation of the audit practice.

Key Decision

This is not a key decision

Recommendation

THAT: the report be noted.

Alternative Options

1. There are no alternative options.

Introduction and Background

2. The Audit Commission is the Council's external auditor. The report provides information on the progress to date developing the audit plan. It also covers the outcome of the externalisation of the Audit Commission's Audit Service.

Key Considerations

3. The report outlines a number of identified key risks that shape the Audit Plan covered elsewhere in the agenda. The risks mainly cover the significant changes to the council's approach to the provision of support services including new systems.
4. As in previous years there has been good communication between the council and the Audit Commission around the final accounts timetable. Council officers attended a training session the Audit Commission provided on this year's technical changes.

5. The report outlined three areas that will inform the statutory Value for Money conclusion as being:
 - a. The impact of a significant reduction in government grants on the medium term financial plan;
 - b. The council's ability to demonstrate that any change to the current waste disposal arrangements to provide a waste to energy plan in Hartlebury delivers value for money; and
 - c. That continued overspending in Adult Social care will make it increasingly difficult to balance the council's financial position.
6. Independent quality monitoring of audits indicated that Herefordshire's audit received the highest rating as a result of the detailed review.
7. The Audit Commission recently announced the outcome of the procurement exercise to outsource work currently undertaken by the Audit Practice for 2012/13 to 2016/17. The Audit Commission will remain as a small residuary body until the end of the contracts but from 2012/13 Grant Thornton have been awarded the West Midlands contract and will become the Council's external auditors.
8. The update also includes other matters of interest including the annual fraud and corruption survey process as well as capital finance system changes. The council has completed the annual survey and implications of the change to capital regulations.
9. The council has also conformed to the new pay policy requirements outlined in the document.

Financial Implications

10. There are no financial implications.

Legal Implications

11. There are no legal implications.

Risk Management

12. The changeover to new auditors may raise risk levels but the intention is for current staff up to the level of District Auditor to remain involved with Herefordshire's audit.

Appendices

None