

# Progress report - March 2011

Lancashire County Council

Audit **2010/11**

Date **March 2011**

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The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

# Summary

- 1 The objective of this report is to provide a position statement as at 10th June 2010 setting out the progress of our audit for the period covered by our 2010/11 audit plans for the Council and Lancashire County Pension Fund.
- 2 We comply with the statutory requirements governing our audit work, in particular:
  - the Audit Commission Act 1998;
  - the Local Government Act 1999 (best value inspection and audit); and
  - the Code of Audit Practice (the Code).
- 3 The Code defines auditors' responsibilities in relation to:
  - the financial statements of audited bodies; and
  - audited bodies' arrangements for securing economy, efficiency and effectiveness in their use of resources.
- 4 The current position of our work as set out in our audit plans is detailed at Appendix 1. Progress on the audit is as expected.

# Appendix 1 – Progress against the 2010/11 Audit Plan

Task/Code of practice requirement	Field work	Expected issue of report/opinion	Progress/comments
<b>Financial statements including the Pension Fund</b>			
Identify, document and testing of the Authority's material financial systems that support the financial statements.	Ongoing with expected completion June 2011	June 2011 if required	Work is ongoing. Detailed discussions held with Internal Audit, (IA) to enable reliance to be placed on their work where possible. IA work currently being reviewed.
We will carry out our audit of the financial statements for 2010/11 in accordance with International Standards on Auditing. Prior to and during our final accounts audit we will provide informal advice to your accountants on working paper preparation and accounting treatment.	Ongoing, primarily July- September 2011	30 September 2011.	On going. Workshops held for all local government bodies on key accounting issues for 2010/11 in January/February attended by a number of accountants from Lancashire CC. Ongoing liaison on technical issues, closedown timetable and accounts/audit requirements. This includes more detailed discussions on the implementation of International Financial Reporting Standards (IFRS) in 2010/11. Audit of re-stated IFRS 2009/10 balance sheet planned to be completed during April 2011.

## Appendix 1 – Progress against the 2010/11 Audit Plan

Task/Code of practice requirement	Field work	Expected issue of report/opinion	Progress/comments
<b>Value for money</b>			
<p>I am required to give a statutory VFM conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.</p> <p>This is based on two criteria, specified by the Commission, related to your arrangements for:</p> <ul style="list-style-type: none"> <li>• securing financial resilience – focusing on whether the Council is managing its financial risks to secure a stable financial position for the foreseeable future; and</li> <li>• 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.</li> </ul>	January - August 2011	September 2011	<p>Initial VFM risk assessment completed. Further work to focus on a more detailed review of:</p> <ul style="list-style-type: none"> <li>• Waste PFI contract - actions taken to ensure the contract delivers value for money</li> <li>• Strategic partnership - expected costs and benefits and arrangements to manage performance and ensure effective governance of the partnership</li> <li>• Savings plans - realism and robustness of planned savings over the next three years. Impact assessments by the Council linked to its priorities</li> <li>• Treasury management - risk management arrangements for implementation of the new Treasury Management Strategy.</li> </ul>

## Appendix 1 – Progress against the 2010/11 Audit Plan

Task/Code of practice requirement	Field work	Expected issue of report/opinion	Progress/comments
<b>Reporting</b>			
Annual Audit Letter	On-going	November 2011	Not yet started
Whole of Government Accounts	September 2011	September 2011	Not yet started
<b>Grant Claims</b>			
Certification of Grant Claims	August - December 2011	As required where appropriate.	Not yet started
<b>Other issues</b>			
Dealing with correspondence relating to LCC arrangements as and when received.	Not in audit plan	Not in audit plan	There are no issues to report at this stage.