

Milton Keynes Council Audit Committee
2nd September 2009

TITLE OF REPORT: EXTERNAL AUDIT PROGRESS REPORT

REPORT FROM AUDIT COMMISSION

1. PURPOSE OF REPORT

- 1.1 To inform the Audit Committee of progress in respect of 2008/09 audit.
- 1.2 To present to the Audit Committee the 2009/10 audit fee letter.

2. 2008/09 AUDIT UPDATE

2.1 The table below sets out each element of the 2008/09 Audit Plan as agreed in June 2008 and the current status of these.

Audit element	Status
<p>Financial statements – We are required to issue an opinion on the financial statements.</p>	<p>This work is underway. The opinion on the financial statements is due to be issued by 30th September.</p>
<p>Use of resources – value for money conclusion The Code requires us to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources: this is known as the value for money conclusion. A number of key risks were identified in the plan and our plans to address them.</p>	<p>Evidence for the value for money conclusion will be gained through the use of resources assessment and through specific pieces of work designed to address the key risks identified during the planning process. The value for money conclusion is due to be issued by 30th September.</p>
<p>CAA use of resources The new use of resources assessment is structured into three themes that focus on the importance of:</p> <ul style="list-style-type: none"> • sound and strategic financial management (managing finances); • strategic commissioning and good governance (governing the business); and • the effective management of natural resources, assets and people (managing resources). <p>The key lines of enquiry (KLOE) are generic to all organisations subject to a use of resources assessment under CAA. This</p>	<p>The fieldwork for the 2008/09 assessment under the new CAA regime is complete at the time of writing this report and scores have been submitted for national quality assurance. The timetable is:</p> <ul style="list-style-type: none"> • national quality assurance – 17th August to 11th September • Reporting to those charged with governance to include VFM conclusion and use of resources judgements – by 30th September • AC notifies overall and theme scores

<p>promotes consistency and demonstrates that all organisations within a CAA area are treated in exactly the same way and to the same standards.</p> <p>The wider scope of the assessment and the greater focus on outcomes makes the assessment more demanding. The KLOE are more broadly based, and more strategic, than previously, embracing wider resource issues such as people and workforce planning, and the use of natural resources.</p>	<p>to audited bodies to trigger the review process – 19th October</p> <ul style="list-style-type: none"> CAA 2009 assessments published on the oneplace website – 10th December
<p>Whole of Government Accounts We will be required to review and report on your consolidation pack in accordance with the approach agreed with HM Treasury and the National Audit Office.</p>	<p>This work will be undertaken in September 2009. Our report is due by 1st October.</p>
<p>National Fraud Initiative From 2008/09 work relating to the National Fraud Initiative will be carried out directly by the Commission under its new data matching powers under the Serious Crimes Act 2007.</p>	<p>This work was carried out centrally by the Audit Commission. Participating bodies received the results for the 2008/09 exercise on the 11th February 2009 via the secure on-line NFI website. We reviewed the arrangements for following up NFI matches as part of our use of resources assessment.</p>
<p>Certification of grant claims and returns We will continue to certify the Council's claims and returns on the basis agreed by the Audit Commission.</p>	<p>Some grant work has been started in respect of 2008/09 and will continue until December.</p>

3. 2009/10 AUDIT FEE

3.1 The 2009/10 Audit Fee Letter is attached.

3.2 The Audit Commission has revised its approach to the way it communicates its audit plan to audited bodies in 2009/10. The Fee Letter as attached replaces the more detailed audit plan that would have been presented to you in previous years. This letter sets out our proposed fee and a brief outline of the proposed work to be carried out in 2009/10.

3.3 The audit risks for 2009/10 financial statements cannot be fully determined until the 2008/09 audit is complete and the 2009/10 risk identification and planning procedures for the financial statements are complete. At this point the appointed auditor will issue a detailed plan for the audit of the financial statements; reassessing the opinion element of the audit fee and communicating further requirements from professional standards and the Commission's regulatory requirements.

3.4 More detailed project planning documents for particular pieces of risk based work to support use of resources and our value for money conclusion will be issued during the year as at present.