

## AUDIT COMMITTEE

22 MARCH 2012

### REPORT OF HEAD OF RESOURCE MANAGEMENT

#### A.8 AUDIT COMMISSION'S AUDIT PLAN AND AUDIT COMMITTEE UPDATE 2011/12

(Report prepared by Richard Barrett)

#### PART 1 – KEY INFORMATION

##### **PURPOSE OF THE REPORT**

To present for consideration and approval the Audit Commission's Audit Plan for 2011/12, along with a general Audit Committee update from the Audit Commission.

##### **EXECUTIVE SUMMARY**

The Audit Commission's Audit Plan for 2011/12, which is attached, sets out the planned audit work in respect of the 2011/12 Financial Statements and Value for Money conclusion. The plan also includes the associated activities and outputs based on a risk assessment approach, to meet various duties and responsibilities.

The Audit Plan also sets out the proposed Audit Fee that is in line with the amount previously reported to the Committee at its 26 May 2011 meeting.

A general update in terms of the delivery of the Audit Commission's responsibilities as the Council's External Auditor is also attached. This includes an update in respect of the conclusion of the outsourcing work undertaken by the Audit Commission following the Government's decision to abolish the Commission.

##### **RECOMMENDATIONS**

**That the Audit Committee:**

- a) **Considers and approves the Audit Commission's Audit Plan for 2011/12.**
- b) **Notes the contents of the Audit Commission's Audit Committee Update 2011/12.**

#### PART 2 – IMPLICATIONS OF THE DECISION

##### **DELIVERING PRIORITIES**

Delivery against priorities, service improvement and governance arrangements are improved through external challenge such as from Audit Commission inspections and reviews.

##### **FINANCE, OTHER RESOURCES AND RISK**

###### **Finance and other resources**

The audit fee proposed of **£128,962** is within the overall external audit fee budget for 2011/12 of **£181,390**.

The Council's overall budget of **£181,390** includes amounts for other areas of the external auditor's work such as certification of claims and returns, which will be reviewed as the year progresses as audit work is scoped, planned, undertaken and charged for.

The overall position will be subject to on-going review during the year as part of the budget monitoring and budget setting processes and specifically against the certification of claims and returns work which is currently based on the estimated time required.

No allowance is made within the overall fee for additional work that may be required such as that associated with additional requirements placed on the Council or unforeseen circumstances and would therefore need to be the subject of further reports where necessary.

#### **Risk**

Not supporting and responding practically and timely to Audit Commission activity may have an impact on the delivery of the Council's priorities, reputation, governance arrangements and overall control environment.

#### **LEGAL**

The Council is required to ensure there are adequate internal audit / internal control arrangements in place.

#### **OTHER IMPLICATIONS**

**Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.**

**Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.**

There are no direct implications.

### **PART 3 – SUPPORTING INFORMATION**

#### **AUDIT PLAN 2011/12**

Shortly after the end of each financial year the Council prepares in accordance with proper practices a Statement of Accounts as statutorily required which are then subject to external audit before final publication by the end of September.

The Audit Plan issued by the Audit Commission highlights at a summary level, aspects of the work they plan on undertaking including the value for money conclusion. Their plan for 2011/12 is attached.

The 2011/12 plan covers a number of issues ranging from the audit fee to the testing strategy and key milestones.

The outcome of the Audit Commission's work will be set out in the Annual Governance Report that will be presented to the Audit Committee at their September 2012 meeting followed by the Annual Audit Letter provided to the Council by the end of October 2012.

## ANNUAL AUDIT FEE 2011/12

The Audit Commission has set a scale audit fee of **£128,962** which represents a 5% reduction on the audit fee for 2010/11.

Variations from the scale fee will only occur where the assessment of audit risk and complexity are significantly different to those relating to 2010/11. No significant risks have been identified that require an additional audit response so there is no change from the scale fee.

## GENERAL UPDATE AND EXTERNAL AUDIT ARRANGEMENTS FROM 2012/13 ONWARDS

The Council's current auditor, from the Audit Commission's current in-house team, is appointed to audit the accounts for the 2011/12 financial year.

A general update from the Audit Commission in terms of progress in delivering their responsibilities as the Council's External Auditor is attached, which includes the outcome from their outsourcing exercise undertaken following the Government's decision to abolish the Audit Commission and the associated consultation on the future provision of external audit that was presented to the Committee at its June 2011. A summary of firms awarded the associated contracts by region are set out below:

<b>Firm</b>	<b>Contract areas</b>
DA Partnership	North East & North Yorkshire
Ernst & Young	Eastern
	South East
Grant Thornton	North West
	West Midlands
	London (South), Surrey & Kent
	South West
KPMG	Humberside & Yorkshire
	East Midlands
	London (North)

There is expected to be savings secured through this procurement exercise and together with the benefits of the Audit Commission's own cost reduction programme, these will be passed back to local public bodies through reductions in scale of audit fees. The Audit Commission will publish the final scales of audit fees for 2012/13 in April 2012.

The Audit Commission will now consult on proposals to appoint auditors within the regions set out above from 2012/13 onwards and the Commission have stated that they will be writing to all audited bodies on or shortly after 23 April to set out their proposals.

The general update attached also covers a range of other matters which will be presented by the Audit Commission who will be in attendance at the Committee's meeting.

**BACKGROUND PAPERS FOR THE DECISION**

None

**ATTACHMENTS**

The Audit Commission's Audit Plan 2011/12

Audit Committee Update 2011/12

# Audit plan

Tendring District Council

Audit 2011/12



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# Introduction

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**This plan sets out the work for the 2011/12 audit. The plan is based on the Audit Commission's risk-based approach to audit planning.**

## **Responsibilities**

The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies sets out the respective responsibilities of the auditor and the audited body. The Audit Commission has issued a copy of the Statement to you.

The Statement summarises where the different responsibilities of auditors and of the audited body begin and end and I undertake my audit work to meet these responsibilities.

I comply with the statutory requirements governing my audit work, in particular:

- the Audit Commission Act 1998; and
- the Code of Audit Practice for local government bodies.

My audit does not relieve management or the Audit Committee, as those charged with governance, of their responsibilities.

# Accounting statements and Whole of Government Accounts

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I will carry out the audit of the accounting statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB). I am required to issue an audit report giving my opinion on whether the accounts give a true and fair view.

## Materiality

I will apply the concept of materiality in planning and performing my audit, in evaluating the effect of any identified misstatements, and in forming my opinion.

## Identifying audit risks

I need to understand the Authority to identify any risk of material misstatement (whether due to fraud or error) in the accounting statements. I do this by:

- identifying the business risks facing the Authority, including assessing your own risk management arrangements;
- considering the financial performance of the Authority;
- assessing internal control, including reviewing the control environment, the IT control environment and internal audit; and
- assessing the risk of material misstatement arising from the activities and controls within the Authority's information systems.

## Identification of significant risks

I have considered the additional risks that are relevant to the audit of the accounting statements.

I have not identified any significant risks that require an additional audit response.



## Group accounts

I am responsible for the direction, supervision and performance of the group audit. I may contact the auditors of Tendring Regeneration Limited as part of my audit procedures.

Please discuss with me any concerns about me contacting component auditors.

## Testing strategy

My audit involves:

- review and re-performance of work of your internal auditors;
- testing of the operation of controls;
- reliance on the work of other auditors;
- reliance on the work of experts; and
- substantive tests of detail of transactions and amounts.

I have sought to:

- maximise reliance, subject to review and re-performance, on the work of your internal auditors; and
- maximise the work that can be undertaken before you prepare your accounting statements.

I will agree with you a schedule of working papers required to support the entries in the accounting statements.

## Whole of Government Accounts

Alongside my work on the accounting statements, I will also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of my review and the nature of my report are specified by the National Audit Office.

# Value for money

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**I am required to reach a conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness.**

My conclusion on the Authority's arrangements is based on two criteria, specified by the Commission. These relate to the Authority's arrangements for:

- securing financial resilience – focusing on whether the Authority is managing its financial risks to secure a stable financial position for the foreseeable future; and
- challenging how the Council secures economy, efficiency and effectiveness – focusing on whether the Authority is prioritising its resources within tighter budgets and improving productivity and efficiency.

## **Identification of significant risks**

I have considered the risks that are relevant to my value for money conclusion. I have not identified any significant risks that I would need to address through my work.

# Key milestones and deadlines

The Authority is required to prepare the accounting statements by 30 June 2012. I aim to complete my work and issue my opinion and value for money conclusion by 30 September 2012.

Table 1: **Proposed timetable and planned outputs**

Activity	Date	Output
Opinion: controls and early substantive testing	February - March 2012	
Opinion: receipt of accounts and supporting working papers	30 June 2012	
Opinion: substantive testing	June - September 2012	
Present Annual Governance Report at the Audit Committee	September 2012	Annual Governance Report
Issue opinion and value for money conclusion	By 30 September 2012	Auditor's report
Summarise overall messages from the audit	October 2012	Annual Audit Letter

# The audit team

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The key members of the audit team for the 2011/12 audit are as follows.

Table 2: **Audit team**

Name	Contact details	Responsibilities
Neil Harris District Auditor	n-harris@audit-commission.gov.uk 0844 798 2414	Responsible for the overall delivery of the audit including quality of reports, signing the auditor's report and liaison with the Chief Executive.
Carl Pettitt Audit Engagement Manager	c-pettitt@audit-commission.gov.uk 0844 798 5801	Manages and coordinates the different elements of the audit work. Key point of contact for the Director of Finance.

# Independence and quality

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## Independence

I comply with the ethical standards issued by the APB and with the Commission's additional requirements for independence and objectivity as summarised in appendix 1.

I am aware of the following relationship that might constitute a threat to independence and that I am required to report to you. I have therefore put in place the following safeguard to reduce the threat.

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Table 3: **Threats and safeguards**

Threat	Safeguard
Neil Harris, the District Auditor, once sat on the same Audit Commission management team as Ian Davidson, now the Chief Executive of Tendring District Council.	This risk has been communicated to Tendring District Council and to the Audit Commission's Director of Audit.  A separate District Auditor, John Cornett, has been appointed to serve as the independent quality control reviewer for this audit.

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## Quality of service

I aim to provide you with a fully satisfactory audit service. If, however, you are unable to deal with any difficulty through me and my team please contact Chris Westwood, Director – Standards & Technical, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ ([c-westwood@audit-commission.gov.uk](mailto:c-westwood@audit-commission.gov.uk)) who will look into any complaint promptly and to do what he can to resolve the position.

If you are still not satisfied you may of course take up the matter with the Audit Commission's Complaints Investigation Officer (The Audit Commission, Westward House, Lime Kiln Close, Stoke Gifford, Bristol BS34 8SR).

# Fees

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**The fee for the audit is £128,962, as set out in my letter of 27 April 2011.**

## **The audit fee**

The Audit Commission has set a scale audit fee of £128,962 which represents a 5 per cent reduction on the audit fee for 2010/11.

The scale fee covers:

- my audit of your accounting statements and reporting on the Whole of Government Accounts return; and
- my work on reviewing your arrangements for securing economy, efficiency and effectiveness in your use of resources.

The scale fee reflects:

- the Audit Commission's decision not to increase fees in line with inflation;
- a reduction resulting from the new approach to local VFM audit work; and
- a reduction following the one-off work associated with the first-time adoption of International Financing Reporting Standards (IFRS).

Variations from the scale fee only occur where my assessments of audit risk and complexity are significantly different from those reflected in the 2010/11 fee. I have not identified significant differences and have therefore set the fee equal to the scale fee.

## **Assumptions**

In setting the fee, I have made the assumptions set out in appendix 2. Where these assumptions are not met, I may be required to undertake more work and therefore increase the audit fee. Where this is the case, I will discuss this first with the Head of Resource Management and I will issue a supplement to the plan to record any revisions to the risk and the impact on the fee.

## **Specific actions you could take to reduce your audit fee**

The Audit Commission requires me to inform you of specific actions you could take to reduce your audit fee. As in previous years, I will work with staff to identify any specific actions that the Council could take and to provide ongoing audit support.

## Total fees payable

In addition to the fee for the audit, the Audit Commission will charges fees for:

- certification of claims and returns; and
- the agreed provision of non-audit services under the Audit Commission's advice and assistance powers.

Based on current plans the fees payable are as follows.

Table 4: Fees

	2011/12 proposed	2010/11 actual	Variance
Audit	£128,962	£135,750	(£6,788)
Certification of claims and returns	£52,126	£52,126	£0
<b>Total</b>	<b>£181,088</b>	<b>£187,876</b>	<b>(£6,788)</b>

# Appendix 1 – Independence and objectivity

Auditors appointed by the Audit Commission must comply with the Commission’s Code of Audit Practice and Standing Guidance for Auditors. When auditing the accounting statements, auditors must also comply with professional standards issued by the Auditing Practices Board (APB). These impose stringent rules to ensure the independence and objectivity of auditors. The Audit Practice puts in place robust arrangements to ensure compliance with these requirements, overseen by the Audit Practice’s Director – Standards and Technical, who serves as the Audit Practice’s Ethics Partner.

Table 5: **Independence and objectivity**

Area	Requirement	How we comply
Business, employment and personal relationships	<p>Appointed auditors and their staff should avoid any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.</p> <p>The appointed auditor and senior members of the audit team must not take part in political activity for a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body.</p>	<p>All audit staff are required to declare all potential threats to independence. Details of declarations are made available to appointed auditors. Where appropriate, staff are excluded from engagements or safeguards put in place to reduce the threat to independence to an acceptably low level.</p>



Area	Requirement	How we comply
Long association with audit clients	The appointed auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every seven years, with additional consideration of threats to independence after five years.	The Audit Practice maintains and monitors a central database of assignment of auditors and senior audit staff to ensure this requirement is met.
Gifts and hospitality	The appointed auditor and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.	All audit staff are required to declare any gifts or hospitality irrespective of whether or not they are accepted. Gifts and Hospitality may only be accepted with line manager approval.
Non-audit work	<p>Appointed auditors should not perform additional work for an audited body (that is work above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might result in a reasonable perception that their independence could be compromised.</p> <p>Auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission.</p> <p>Work over a specified value must only be undertaken with the prior approval of the Audit Commission's Director of Audit Policy and Regulation.</p>	All proposed additional work is subject to review and approval by the appointed auditor and the Director – Standards and Technical, to ensure that independence is not compromised.

*Code of Audit Practice, Audit Commission Standing Guidance and APB Ethical Standards*

# Appendix 2 – Basis for fee

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In setting the fee, I have assumed the following.

- The risk in relation to the audit of the accounting statements is not significantly different to that identified for 2010/11. For example:
  - internal controls are operating effectively; and
  - I secure the co-operation of other auditors.
- The risk in relation to my value for money responsibilities is not significantly different to that identified for 2010/11.
- Internal Audit meets professional standards.
- Internal Audit undertakes sufficient appropriate work on all systems that provide material figures in the accounting on which I can rely.
- The Authority provides:
  - good quality working papers and records to support the accounting statements and the text of the other information to be published with the statements by 30 June 2012;
  - other information requested within agreed timescales; and
  - prompt responses to draft reports.
- There are no questions asked or objections made by local government electors.

Where these assumptions are not met, I will have to undertake more work which is likely to result in an increased audit fee.

# Appendix 3 – Glossary

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## **Accounting statements**

The annual statement of accounts that the Authority is required to prepare, which report the financial performance and financial position of the Authority in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom.

## **Annual Audit Letter**

Report issued by the auditor to the Authority after the completion of the audit that summarises the audit work carried out in the period and significant issues arising from auditors' work.

## **Annual Governance Report**

The auditor's report on matters arising from the audit of the accounting statements presented to those charged with governance before the auditor issues their opinion and conclusion.

## **Annual Governance Statement**

The annual report on the Authority's systems of internal control that supports the achievement of the Authority's policies aims and objectives.

## **Audit of the accounts**

The audit of the accounts of an audited body comprises all work carried out by an auditor under the Code to meet their statutory responsibilities under the Audit Commission Act 1998.

## **Audited body**

A body to which the Audit Commission is responsible for appointing the external auditor.

## **Auditing Practices Board (APB)**

The body responsible in the UK for issuing auditing standards, ethical standards and associated guidance to auditors. Its objectives are to establish high standards of auditing that meet the developing needs of users of financial information and to ensure public confidence in the auditing process.

## **Auditing standards**

Pronouncements of the APB that contain basic principles and essential procedures with which auditors must comply, except where otherwise stated in the auditing standard concerned.

## **Auditor(s)**

Auditors appointed by the Audit Commission.

## **Code (the)**

The Code of Audit Practice for local government bodies issued by the Audit Commission and approved by Parliament.

## **Commission (the)**

The Audit Commission for Local Authorities and the National Health Service in England.

## **Ethical Standards**

Pronouncements of the APB that contain basic principles relating to independence, integrity and objectivity that apply to the conduct of audits and with which auditors must comply, except where otherwise stated in the standard concerned.

## **Group accounts**

Consolidated accounting statements of an Authority and its subsidiaries, associates and jointly controlled entities.

## **Internal control**

The whole system of controls, financial and otherwise, that the Authority establishes to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

## **Materiality**

The APB defines this concept as ‘an expression of the relative significance or importance of a particular matter in the context of the accounting statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the auditor’s report; likewise a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement within the accounting statements or of individual items included in them. Materiality is not capable of general mathematical definition, as it has both qualitative and quantitative aspects’.

The term ‘materiality’ applies only to the accounting statements. Auditors appointed by the Commission have responsibilities and duties under statute, as well as their responsibility to give an opinion on the accounting statements, which do not necessarily affect their opinion on the accounting statements.

## **Significance**

The concept of ‘significance’ applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit of the accounting statements. Significance has both qualitative and quantitative aspects.

## **Those charged with governance**

Those entrusted with the supervision, control and direction of the Authority. This term includes the members of the Authority and its Audit Committee.

## **Whole of Government Accounts**

A project leading to a set of consolidated accounts for the entire UK public sector on commercial accounting principles. The Authority must submit a consolidation pack to the department for Communities and Local Government which is based on, but separate from, its accounting statements.

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**0844 798 7070**

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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.



# Audit Committee Update

**Tendring District 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 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 Committee.
- 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](http://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.

Neil Harris

Engagement Lead

March 2012

# Progress Report

## Financial statements

**5** We have recently completed our formal planning and agreed our 2011/12 audit plan with officers. This will be provided to the audit committee at its March 2012 meeting.

**6** Our financial statements work for the 2011/12 year is progressing well and we have recently completed the onsite audit work to update our understanding of the Council's internal financial control environment and which will form the basis of our year end audit work focused on the financial statements themselves.

## VFM conclusion

**7** We have undertaken our initial planning for the work required to support the 2011/12 Value for Money conclusion.

## Other Matters of Interest

### Update on the externalisation of the Audit Practice

**8** The Audit Commission's Managing Director of Audit Policy, Martin Evans, wrote to clients on 6 March 2012 and provided an update on the outcome of the procurement exercise to externalise the Commission's in-house audit practice and on the process for making auditor appointments for 2012/13 and subsequent years.

**9** The Commission has announced the award of contracts to four firms for five years, as follows. Tendring District Council forms part of the Eastern contract area (highlighted) :

<b>Firm</b>	<b>Contract areas</b>
DA Partnership	North East & North Yorkshire
<b>Ernst &amp; Young</b>	<b>Eastern</b>
	South East
Grant Thornton	North West
	West Midlands
	London (South), Surrey & Kent
	South West
KPMG	Humberside & Yorkshire
	East Midlands
	London (North)

**10** Through its bulk purchasing power, the Commission has been able to secure very competitive prices that will save local public bodies over £30 million a year for a minimum of five years.

**11** The next stage in the auditor appointment process is for the Audit Commission to develop and consult on its proposals for 'permanent' auditor appointments for 2012/13 and subsequent years. A letter will be sent out to all audited bodies on or shortly after 23 April to set out the proposals.

**12** To support the consultation process, a series of introductory meetings in each contract area are being arranged between 30 April and 16 May. The purpose of these meetings is to give audited bodies in each area an opportunity to meet the new firm proposed as their auditor and its senior

partners, and hear how the firm plans to manage its new portfolio and its approach to the audits. The meeting for the Eastern contract area is scheduled for 14th May 2012.

**13** In January, the Audit Commission published its [Auditor appointments strategy](#), which set out the process that it will follow in making auditor appointments. This provides bodies with two opportunities to object to the proposed appointment. A panel of Commissioners will ultimately consider unresolved objections to the proposed appointments. The panel includes three local government councillors and a member with NHS expertise, and will receive independent advice from a local authority Chief Executive and Finance Director.

## Income Generation

**14** Income from fees and charges is a key financial area for local authorities with the top ten income streams generating over £7 billion each year.

**15** CIPFA has recently produced an updated guide to income generation and much has happened since the earlier editions were published in 2005 and 2008.

**16** In 2011, organisations are looking at income in its widest sense as a key factor in their funding equation. The economic downturn has demonstrated the risks associated with excessive reliance on income from fees and charges. However, the Spending Review 2010 has motivated local authorities to evaluate robustly every possible funding source.

**17** Rather than just focussing on savings, organisations are increasingly focussing on maximising their income generation opportunities.

**18** This new 2011 edition should enable local authorities to make the most of their fees and charges potential. It provides a full update of the charging opportunities available as at March 2011, reflecting recent legislation and regulations.

## Code on Data Transparency

**19** On 29 September 2011 the Department for Communities and Local Government (DCLG) published the Code of Recommended Practice for Local Authorities on Data Transparency.

**20** Subject to consultation, we understand that Ministers are minded to make this Code a legally binding requirement.

**21** The Code requires local authorities to publish public data as soon as possible following production even if it is not accompanied with detailed

analysis. Where practical, local authorities should seek to publish in real time. As a minimum, the public data that should be released are:

- expenditure over £500 (including costs, supplier and transaction information);
- senior employee salaries, names (with the option for individuals to refuse to consent for their name to be published), job descriptions, responsibilities, budgets and numbers of staff;
- an organisational chart of the staff structure of the local authority including salary bands and details of currently vacant posts;
- the 'pay multiple' - the ratio between the highest paid salary and the median average salary of the whole of the authority's workforce;
- councillors' allowances and expenses;
- copies of contracts and tenders to businesses and to the voluntary community and social enterprise sector;
- grants to the voluntary community and social enterprise sector should be clearly itemised and listed;
- policies, performance, external audits and key inspections and key indicators on the authority's fiscal and financial position;
- the location of public land and building assets and key attribute information that is normally recorded on asset registers; and
- data regarding the democratic running of the local authority including the constitution, election results, committee minutes, decision - making processes and records of decisions.

## Guides to Local Government Finance

**22** CIPFA has recently issued a comprehensive guide to Local Government finance. This guide reflects proposals for academies, HRA self financing, the future of local audit, police and crime commissioners and social care reform.

**23** In addition to the above changes, the guide also looks at the impact the recent cuts have had on local authority finances.

**24** In addition to the comprehensive guide, a shorter guide has also been prepared which is aimed specifically at members. It provides councillors with a brief overview of key facts, figures and requirements in relation to local government finance in a more user friendly and handy reference format.

## For information: Fighting Fraud Together

**25** In October 2011, thirty-seven organisations joined forces to launch 'Fighting Fraud Together', a new strategy that aims to reduce fraud - a crime estimated to cost the UK £38 billion every year.

**26** The organisations involved include the NHS, the Charity Commission, the Department for Communities and Local Government, HM Revenues and Customs and the Association of Chief Police Officers.

**27** It is the first time that government, industry, voluntary groups and law enforcement agencies have joined together on such a large scale to sign a joint commitment to tackle fraud.

**28** All thirty-seven partners that have signed up to the 'Fighting Fraud Together' strategy which will contribute to and be accountable for its success.

**29** The strategy and its accompanying action plan place a strong emphasis on preventing fraud through greater fraud awareness and self protection, combined with stronger government and industry prevention systems and controls.

**30** Examples of the new initiatives include:

- Preventing fraud: Industry and the public sector will develop their intelligence-sharing capabilities to prevent fraud attacks;
- Increasing awareness and reporting: A new research tool will help all sectors provide more targeted prevention advice to the public, particularly vulnerable people, and develop a better understanding of small businesses' vulnerability to fraud and the support they need; and
- A more effective enforcement response: Greater intelligence capabilities of the National Fraud Intelligence Bureau will disrupt fraudsters' activities and rapidly close down the channels through which they operate and launder money.

# Contact Details

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

**32** Alternatively, all Audit Commission reports - and a wealth of other material - can be found on our website: [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk).

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