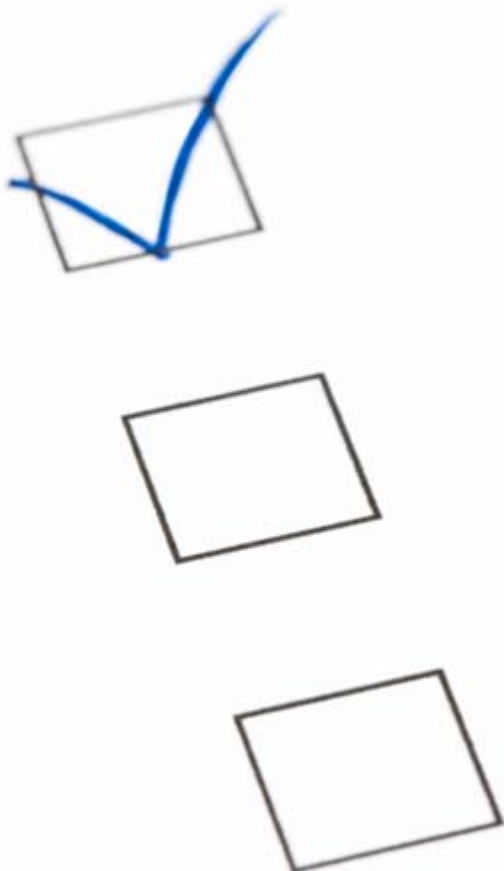


Sunderland City Council

Audit Progress Report

29 January 2013



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Purpose of this paper

This paper updates the Audit and Governance Committee on our progress in meeting the responsibilities as your external auditor. It also highlights key emerging national issues and developments which may be of interest to you.

If you require any further information please contact your Engagement Lead or Senior Manager using the contact details at the end of this update.

Finally, please note the website address www.mazars.co.uk which sets out the range of work Mazars carries out across the UK public sector. It also details the wider services provided within the UK and abroad.

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Summary of audit progress



Progress on the 2012/13 audit has included:

- We have issued a fee letter to the Executive Director of Commercial and Corporate Services (EDoCCS) confirming that the audit fee is in line with the Audit Commission's scale fee for the Council of £179,562 for the audit and £16,050 for certifying your claims and returns, representing a 40% reduction on previous years
- Our audit planning is well underway – we have met with key officers to discuss the issues the Council faces and have developed an audit programme to address the key risk areas
- We have drafted our Audit Strategy Memorandum. This will be presented to the Audit and Governance Committee when it has been discussed and agreed with the EDoCCS. This will set out the significant risks we have identified for the audit, for both the opinion on the statement of accounts as well as the value for money conclusion, and our approach to the audit.

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Emerging issues and developments



The following pages outline some significant emerging issues and developments that Members and officers will be considering over the coming months:

- Localisation of business rates, and localising council tax support
- Tough Times 2012, Councils' responses to a challenging financial climate
- Reducing the costs of assessments and reviews
- Protecting the public purse 2012, Fighting fraud against local government
- Striking a balance , Improving councils' decision making on reserves
- Auditing the accounts 2011/12: Quality and timeliness of local public bodies' financial reporting
- Consultation on 2013/14 audit fees and work programme
- Consultation on the Local Government Financial Settlement 2013/14
- Closedown workshops for finance staff

Emerging issues and developments

Issue / development

Localisation of business rates

Following consultation DCLG published details of the localisation of business rates. Local government will retain a 50 per cent local share of business rates and then keep a 50 per cent share of any growth generated, subject to a levy – which will be a maximum of 50p in the pound. DCLG also confirm that the safety net for when councils experience unexpected drops in revenue will guarantee a real terms income from business rates of 92.5 per cent.

Localising Council Tax support

The Local Government Finance Act which gained Royal assent in October 2012, allows local councils in England to design their own council tax support schemes from April 2013.

Tough Times 2012

This report finds that in 2011/12, the second year of the four-year Spending Review, councils largely delivered their planned savings and in many cases added to reserves. However, auditors reported that signs of financial stress were visible with 12 per cent of councils not well-placed to deliver their 2012/13 budgets and a further 25 per cent will cope, but may struggle in the remaining years of the Spending Review period. The report is the second in the Audit Commission's Tough times series.

Emerging issues and developments

Issue / development

Reducing the costs of assessments and reviews

This Audit Commission report identifies how councils and their partners can achieve better value for money in performing social care assessments and reviews. It focuses on councils who have managed to keep their costs low while continuing to meet vulnerable people's needs.

The Commission has published a benchmarking tool to allow councils to assess and compare their costs, staffing and activity levels against others of similar type, geographic area, markets and scale of operation.

Protecting the public purse 2012

This Audit Commission report finds that councils are targeting their investigative resources more efficiently and effectively, detecting more than 124,000 cases of fraud in 2011/12 totalling £179 million. But it urges councils not to drop their guard, as new frauds are emerging in areas such as business rates and Right to Buy housing discounts.

The report contains an updated checklist which gives organisations an opportunity to consider how effective they are at responding to the risk of fraud.

Emerging issues and developments

Issue / development

Striking a balance, Improving councils' decision making on reserves

This Audit Commission report found that English councils held £12.9 billion in their reserves at 31 March 2012, and that reserves have increased by 36% in real terms since 2006/07.

The Commission has called upon councils to improve their decision making around reserves. Given the sums involved, and the current financial challenges, councils should focus more attention on their reserves and the purposes for which they hold them. All councils should ensure that their decisions have been clearly explained to taxpayers and service users.

Auditing the accounts 2011/12: Quality and timeliness of local public bodies' financial reporting

This Audit Commission report summarises the financial reporting outcomes for local authorities and other bodies within its regime. Audit opinions were issued at 98% of councils by 30 September 2012. The report names authorities that produced their accounts early and also names those where there were delays or non standard wording to the auditor's reports.

Consultation on 2013/14 audit fees and work programme

The Audit Commission has proposed that the 2013/14 work programme will be unchanged and that the scale fees will therefore be unchanged from the 2012/13 fees.

Emerging issues and developments

Issue / development

Consultation on the Local Government Financial Settlement 2013/14

The financial settlement was published late in December 2012. Officers are currently assessing the impacts on 2013/14 and future years, as part of the budget preparations.

Final accounts workshops for finance staff

Mazars are providing a workshop for finance staff on accounting and auditing issues relating to the closedown and preparation of the 2012/13 statement of accounts. The workshop is free for our clients and the Council has already booked places for the event in February 2013.

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