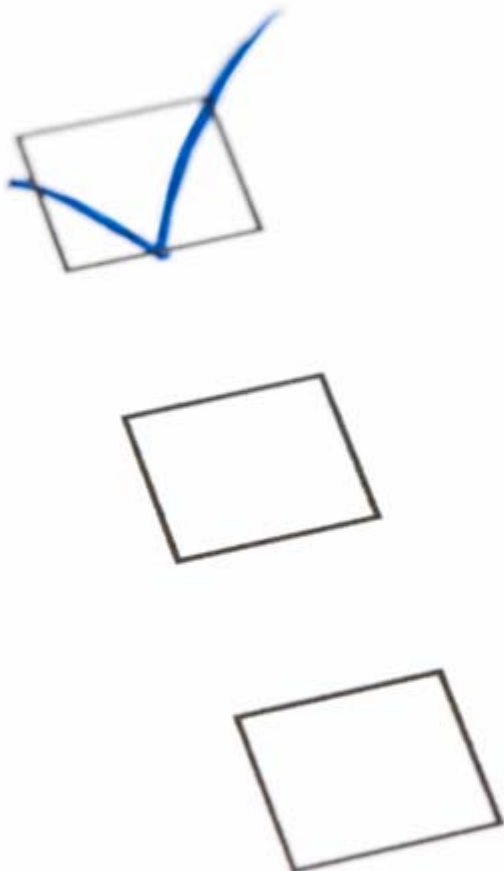


# Sunderland City Council

## Audit Progress Report

June 2013



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# 01



## Purpose of this paper

This paper updates the Audit and Governance Committee on our progress in meeting our 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](http://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.

# 02

## Summary of audit progress



Good progress on the 2012/13 audit has continued.

### Interim work

- Work is now nearing completion on each of the key financial systems – this covers the main accounting system, payroll, accounts payable, accounts receivable, periodic income, cash receipting, council tax, NNDR, benefits, capital accounting, loans and investments, SWIFT (adult social care) and building maintenance – in addition, we consider general ICT controls.
- We have almost completed our initial substantive testing on income and expenditure up to and including month 11, this will be topped up with coverage of the final part of the year in our final accounts work.
- No significant issues have arisen from our work to date.

## **The financial statements**

- We maintained a dialogue with officers as they prepared your financial statements. This has included discussing emerging technical issues and acting as a sounding board for proposed accounting treatments.
- This process has operated well, and is designed to avoid difficulties during the later stages of the audit.

## **VFM conclusion**

- We have completed our initial assessment of the Council's arrangements for value for money, focusing on financial resilience and arrangements to secure economy, efficiency and effectiveness.
- We have reviewed VFM profiles, the Council's financial position and the many projects designed to promote future savings and improvements in service delivery.
- No significant issues have arisen from our work to date.

## **Advisory work**

- We have completed the Review of Internal Audit commissioned by the Executive Director of Commercial and Corporate Services. This has been reported elsewhere on the agenda:

# 03

## 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.

- A Practical Guide for Local Authorities on Income Generation (2013 Edition), CIPFA
- National Fraud Initiative, Audit Commission, March 2013
- Public Sector Internal Audit Standards, CIPFA, April 2013
- Local Audit and Accountability Bill, May 2013

# Emerging issues and developments

## Issue / development

### **A Practical Guide for Local Authorities on Income Generation (2013 Edition), CIPFA**

CIPFA have published an update of their guide on income generation, which is aimed at helping local authorities to make the most of their fees and charges potential. It provides a full update of the charging opportunities available as at January 2013, reflecting recent legislation and regulations.

### **National Fraud Initiative, Audit Commission, March 2013**

This data matching exercise is mandatory for all local government and health bodies and is undertaken every two years, with the Audit Commission reporting the results of these matches at the end of each cycle.

The outcomes, in England, from the most recent exercise include the prevention and detection of £103 million pension overpayments, £79 million council tax single person discounts incorrectly awarded and £42 million housing benefit overpayments. Others include:

- 164 employees identified as having no right to work in the UK;
- 321 false applications removed from housing waiting lists;
- 1,031 prosecutions, 921 of them for housing benefit fraud; and
- 32,633 blue badges and 52,635 concessionary travel passes cancelled.

The next NFI report is due in June 2014.

# Emerging issues and developments

## Issue / development

### **Public Sector Internal Audit Standards, CIPFA, April 2013**

On 1 April 2013 a common set of standards came into effect for Internal Audit across the UK public sector. The Public Sector Internal Audit Standards (PSIAS) apply the mandatory elements of the Institute of Internal Auditors (IIA) International Standards.

Adoption of a consistent framework is designed to bring benefits for partnership working and working across the different parts of the public sector. The standards are also designed to drive improvement, leading to better public financial management. The new standards replace the existing ones in local government, central government and the NHS.

### **Local Audit and Accountability Bill, May 2013**

The effect of the Local Audit and Accountability Bill is to abolish the Audit Commission and to establish new arrangements for the audit and accountability of local public bodies in England.

The bill also confirms proposal for Local Authorities to appoint their own external auditor in future on the recommendation of an independent appointment panel, but no date as yet has been specified for when this is likely to come into effect and further guidance is likely to support its implementation.

The Bill also amends the legislative framework for council tax referendums and provides for measures which can ensure local authority compliance with the Code of Recommended Practice on Local Authority Publicity.



# 04



## Contact details

Steve Nicklin

Director and Engagement Lead

[steve.nicklin@mazars.co.uk](mailto:steve.nicklin@mazars.co.uk)

0191 383 6300

Gavin Barker

Senior Manager

[gavin.barker@mazars.co.uk](mailto:gavin.barker@mazars.co.uk)

0191 383 6321

07896 684 771

Address:

Rivergreen Centre

Aykley Heads

Durham, DH1 5TS

