

Report To: Audit Committee

Date: 6 March 2012

Report Title: Reports of the external auditor (Audit Commission)

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Debbie
Paul Naylor, Deputy Chief Executive (covering report)

Summary: The District Auditor is presenting three reports to this committee covering: the 2010-2011 grant claim audit; the proposed 2011-2012 external audit plan of work; and an update on general matters including the position with the outsourcing of the Audit Commission's work. The District Auditor will be represented at the meeting by Lynn Clayton and a colleague who will introduce the reports and take questions.

Key Decision: Not applicable to this committee

Affected Wards: None specifically

Recommendations: **That the Audit Committee be asked to note the following reports of the external auditor:**

- i. **The 2010/2011 certification of claims and returns – annual report (Report A)**
- ii. **Annual Audit Plan 2011/2012 (Report B)**
- iii. **Audit Commission's progress report (Report C)**

Financial implications: *A) Grant claims audit:*

The grant claim audit highlighted a small number of errors, though none has resulted in any material change to the council's financial position.

Out of over £38 million of housing and council tax benefit paid the audit found a £2 (two pounds) over-recovery from the DWP, this has since been

corrected, and a five instances of small underpayments to claimants which have since been rectified. The total volume of benefit claims was over 9,000 in the year.

The housing subsidy claim (for HRA costs) found an error in the stock data used by the finance team compared to the data held by the housing service. This relates to stock data changes resulting from the Stanhope PFI and has since been corrected. The amendment (-£214,265) was, however, amending a memorandum set of data and did not affect the cash value of the housing subsidy claim and did not affect the cash position of the council.

There were no amendments to the £38.8 million business rates return.

B) Annual Audit Plan 2011/2012

The associated external audit fee is £132, 525 and is within the council's budget. It is a reduction of about £7,000 on the fee for the previous year. In addition fees for the grant claims audit are estimated at £37,000 and again within the council's budget.

C) Audit Commission's Progress Report

There are no specific financial implications that arise at this time from this report.

Risk assessment:

Not applicable. The external auditor's reports, however, highlight that the council is managing its performance and financial risks well.

Equalities impact assessment:

Not applicable

Other material implications:

The progress report discusses the next steps with the outsourcing of Audit Commission's services. Further reports about progress and the implications for the council will follow later in the year.

Background papers:

No specific other papers

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