

AUDIT COMMITTEE AGENDA



Thursday, 10 July 2008

at 10.00 am

in Committee Room A

MEMBERS: AUDIT COMMITTEE:

Councillors Hall, McKenna, Plant, Preece, Turner, Wallace and Wistow

1. **APOLOGIES FOR ABSENCE**
2. **TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**
3. **MINUTES**
 - 3.1 To confirm the minutes of the meeting held on 30 June 2008 (*to follow*)
4. **ITEMS FOR DISCUSSION/DECISION**
 - 4.1 Presentation Regarding Internal Audit And The Function And Role Of An Audit Committee – *Head of Audit and Governance*
 - 4.2 Internal Audit Plan 2008/09 update – *Head of Audit and Governance*
 - 4.3 Audit Commission Report- Audit And Inspection Plan 2008/09 – *Chief Financial Officer*
5. **ANY OTHER ITEMS WHICH THE CHAIR CONSIDERS ARE URGENT**

AUDIT COMMITTEE

10 July 2008



Report of: Head of Audit and Governance

Subject: PRESENTATION REGARDING INTERNAL
AUDIT AND THE FUNCTION AND ROLE OF
AN AUDIT COMMITTEE

1. PURPOSE OF REPORT

To inform Members of the direction of Internal Audit activity and the potential role and objectives of the Audit Committee in monitoring the performance of the Internal Audit function.

2. SUMMARY OF CONTENTS

This report prepares Members in advance of a presentation by the Chief Financial Officer and Head of Audit and Governance, into the scope and objectives of Internal Audit and the function of an Audit Committee. The presentation will broadly cover:

- Internal Audit's purpose, relationships and role in the Authority and why it is necessary,
- An Audit Committee's responsibilities, why they are necessary and what do they need to do.

3. RELEVANCE TO PORTFOLIO MEMBER

N/A

4. TYPE OF DECISION

Non-key decision.

5. DECISION MAKING ROUTE

N/A

6. DECISION(S) REQUIRED

That members note the contents of the report and presentation.



Report of: Head of Audit and Governance

Subject: INTERNAL AUDIT PLAN 2008/09 UPDATE

1. PURPOSE OF REPORT

To inform Members of the progress made to date completing the internal audit plan for 2008/09.

2. SUMMARY OF CONTENTS

At the Audit Committee meeting of 25.10.05 it was agreed that the Head of Audit and Governance would update the Committee on a quarterly basis as to the progress made against the audit plan. This allows members of the Committee to form an opinion as to the robustness of the system of controls in place at the Council and thus fulfil part of the Committee's remit.

3. RELEVANCE TO PORTFOLIO MEMBER

N/A

4. TYPE OF DECISION

Non-key decision.

5. DECISION MAKING ROUTE

Audit Committee tasked with considering adequacy of audit coverage.

6. DECISION(S) REQUIRED

Members note the contents of this Report.

Report of: Head of Audit and Governance

Subject: INTERNAL AUDIT PLAN 2008/09 UPDATE

1. PURPOSE OF REPORT

- 1.1 To inform Members of the progress made to date completing the internal audit plan for 2008/09.

2. BACKGROUND

- 2.1 In order to ensure that the Audit Committee meets its remit, it is important that it is kept up to date with the ongoing progress of the Internal Audit section in completing its plan. Regular updates allow the members of the Committee to form an opinion on the controls in operation within the Council. This in turn allows members of the committee to fully review the Annual Governance Statement, which will be presented to a future meeting of the Committee, and after review, will form part of the statement of accounts of the Council.

3. AUDITS COMPLETED AND IN PROGRESS

- 3.1 Appendix A of the report details the pieces of work that have been completed.
- 3.2 As well as completing the aforementioned audits, Internal Audit staff have been involved with the following working groups:
- ISO 17799 Group.
 - Procurement Working Group.
 - Corporate Risk Management Group.
 - Use of Resources assessment.

In order to comply with the requirement that 40% of all primary schools meet the relevant criteria as outlined in the Financial Management Standard in Schools (FMSiS) award by March 2008, Internal Audit have undertaken more comprehensive audit coverage in order to provide support and advice to the schools in order that they can be assessed successfully.

- 3.3 Appendix B details the audits that were ongoing at the time of compiling the report.

4 AUDIT PLAN PROGRESS

- 4.1 The work completed and currently ongoing is in line with expectations at this time of year, and audit coverage to date has allowed the Audit Commission to place reliance on the scope and quality of work completed when meeting their requirements under the Audit Code of Practice.

5 RECOMMENDATION

- 5.1 It is recommended that Members note the contents of the report.

Appendix A

Audit	Objectives	Recommendations	Agreed
Redundancies	To ensure there are arrangements in place to ensure that statutory regulations and legislation are being adhered to. There is a Policy in place for Early retirement/Redundancy and this has been communicated to all employees. There are Procedure/Guidance Notes and training in place for HR staff to ensure that the Policy is complied with. There is an effective division of duties in place ensuring that all cases are reviewed and calculations checked prior to payment. The appropriate authority is received from all parties prior to a decision being made. There are effective budgetary control procedures in place.	<ul style="list-style-type: none"> - The Council's policy is amended to reflect the Redundancy and Early retirement policy rather than the 'Support for Employees with Caring Responsibilities' scheme - The Council's policy is updated to take account of the recent changes in Legislation. - An offer letter should be retained for all employees to ensure there is a reference document and employees are aware of their entitlement. - All payments are agreed to summary sheets and offer letters prior to being made. - Budgets are monitored more closely and departmental accountants are made aware of payment amounts to ensure they can be agreed to actual payments. - The approval to increase a gross payment, to ensure the net payment is equal to the offer letter, should be sought from the Chief Financial Officer in all cases. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Members Code of Conduct	Ensure all members of the council are aware of and comply with any legislation, National Code of Local Government Conduct and the Council's Procedure Rules relating to the disclosure of all pecuniary and other interests, including gifts and hospitality. There is an effective mechanism in place for dealing with the mediation and conciliation of complaints at a local level as required by the new ethical framework with adequate reporting lines to inform results to the Standards Board / Members. There are adequate arrangements in place to undertake self assessments of arrangements for ensuring ethical standards (such as the Audit Commission / Standards Board Ethical Governance Audit Tool and facilitated workshop). There are arrangements in place to identify and implement best practice techniques.	<ul style="list-style-type: none"> - Part 5 of the Constitution relating to Code of Conduct for Members should be reviewed and updated in light of new National Code of Conduct. - Arrangements to increase the take up of Code of Conduct training by councillors should be established. - All Members should be required to sign a Notice of Registerable Interest Form annually or declare that circumstances have not changed. - All Members should be required to declare 'Nil' returns to confirm that they have not received gifts / hospitality exceeding £25. - Two representatives from parish councils should be on committee to reduce the risk of inquorate meetings as recommended by the Standards Board. - Benchmarking exercises should be undertaken with comparable organisations to identify areas where improvements can be made. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Building Maintenance	To examine the arrangements in place to manage the maintenance of Council property in line with Council objectives,	<ul style="list-style-type: none"> - That 2007/08 strategies are drawn up. - Arrangements are put in place to ensure that Service Asset management Plans are considered during the 	<p>Y</p> <p>Y</p>

	procuring the services required to provide a maintenance function and the monitoring of this provision.	<p>maintenance planning process.</p> <ul style="list-style-type: none"> - That the partnering approach is assessed to ensure that EU guidelines are being followed. - That a division of duties is maintained throughout the partnering selection process. - That the assessment criteria are formally agreed prior to the process commencing. - Under no circumstances should officers accept quotes that have been received after specified deadlines have passed. A division of duties is introduced to ensure that one officer is not responsible for procuring work and certifying the payments – DSO. - That the costing system report detailing expenditure on jobs is made available to ensure that the full costs can be recovered. - That Key Performance Indicators for the Partnering Contract are formally monitored on an annual basis. - Arrangements are made to provide regular reports to enable work in progress and costs allocated to jobs to be monitored. - That where orders can not be completed at the initial stage because the job is an emergency – a prescribed system should be used to enable these to be recorded consistently and with the specified data requirements. - That a clear charging policy is put in place which is communicated to all parties. - That disputes are monitored to ensure that they are resolved. - That clear performance indicators are set to measure and report on performance in relation to job completions and costs/income for DSO jobs. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Environmental Enforcement	Ensure all legislative requirements and internal procedures are adhered to in the provision of the service.	<ul style="list-style-type: none"> - Penalty notices should be input into a computerised spreadsheet. - Penalty Notices that have been cancelled or void should be stored in a secure place and issue numbers reconciled. 	<p>Y</p> <p>Y</p>
Community Transport	Community Transport services are only accessible to authorised users; Income is recorded, securely held, banked promptly and in full; Performance data relating to the service is accurately recorded and reported; Safety of service users and drivers is ensured; The service is adequately	<ul style="list-style-type: none"> - The names of appointed carers should be registered with Transport Services and carers should be issued with a carer photo ID pass to prove their eligibility to travel. - Database to provide an accurate record of membership details and eligibility criteria. - A receipt or ticket should be issued to passengers to evidence the transaction. 	<p>Y</p> <p>Y</p> <p>Y</p>

	insured; The terms and conditions of contracts and Service Level Agreements are complied with and arrangements are regularly reviewed.	<ul style="list-style-type: none"> - All floats should be checked regularly for correctness. The date the float was issued and the date returned should be recorded. - Access to the Transport Services office safe should be restricted. Keys to the safe should be held securely and kept in a locked cabinet when not in use. - A list of key holders, employees who have access to the safe, should be maintained. - Keys to safes should be removed from the premises when closed. - Adequate measures should be taken to ensure that bankings are transported as securely as possible with particular regard to the safety of the employees responsible. - Formal handover procedures to be developed for all deposits of cash. An independent check of money deposited for banking by the drivers should be performed and the amount agreed by both parties. - Driver licences should be checked on a regular basis for endorsements or disqualification. Those with endorsements should be checked more frequently. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Debtors	Errors and omissions are minimised. The responsibility for raising sundry debtor accounts is clearly defined. The debtors system is operated with due regard to economy and effectiveness. Debtor's accounts are promptly and correctly raised in respect of all miscellaneous and service charges due to the authority. Amounts due are credited to the correct income accounts. Administrative procedures ensure that debtor's accounts are dispatched promptly and are followed up when no payment has been received. All write-offs of amounts due from debtors are properly authorised. Debtors payments received are processed promptly and are correctly posted to the debtors accounts. Correct recording of outstanding sums due in the annual accounts.	<ul style="list-style-type: none"> - A minimum level is identified for the raising of invoices. - Internal credit checks to be performed before giving a customer credit terms. - Account details are extrapolated and duplicate accounts are investigated. Reports are created which can be run in timely manner to highlight duplicate accounts. - Outstanding debts deemed irrecoverable should be written off. - Sundry debt should be written off at regular intervals throughout the financial year i.e. Sept/Mar. - Recovery Targets are set for the Council following benchmarking with other local Councils. 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
NNDR	The authority maintains a secure system for recording and monitoring collectable non-domestic rates. Liability for NNDR is accurately assessed	<ul style="list-style-type: none"> - A review is undertaken to determine a more efficient and less time-consuming method of performing checks on input and calculation. 	<p>Y</p>

	and timely bills for the correct amount are sent to the occupiers of all rateable hereditaments in the authority's area. The authority maintains an accurate list of all hereditaments subject to locally collectable non domestic rates. All NNDR money collected is promptly posted to the correct account. Relief given for transition, charities and hardship are given in accordance with the regulations and local schemes and all write offs are valid. The authority complies with other legal requirements. All write offs are valid and correctly processed and authorised. Liability for NNDR is accurately assessed and timely bills for the correct amount are sent to the occupiers of all rateable hereditaments in the authority's area. Prompt and effective recovery action is taken on all overdue unpaid amounts. NNDR transactions are recorded in the authority's accounts.		
Budgetary Control	Examine and evaluate the systems and procedures in place for planning, setting and gaining approval of budgets, taking ownership of and monitoring progress of budgets.	<ul style="list-style-type: none"> - Budget Holders should receive the necessary training and have direct access to run budget monitoring reports as and when required. - The Constitution, updated in 2007, should be made available to all staff via the Intranet and Hartlepool Borough Council web site. 	Y Y
Building Cleaning	Adequate arrangements are in place for the provision of the service, staff are aware of and follow guidelines/procedures, a schedule of buildings is in place and followed, expenditure is appropriately authorised, stocks of materials are monitored and kept secure, adequate budget monitoring is in place and sub contractors have a signed agreement in place.	<ul style="list-style-type: none"> - That a signed contract is obtained from Middlesbrough Borough Council for the window cleaning contract. 	Y
Libraries	Review the systems in place to ensure that the service is carrying out its statutory duties in line with best practice, has arrangements in place to monitor and improve the efficiency and effectiveness of its operations, and adequate reporting arrangements are in place.	<ul style="list-style-type: none"> - A spreadsheet is maintained for all cash received that does not go through the till i.e. Sale of books for local authors. - Invoices to be raised within a reasonable time period after the letting has taken place i.e. Monthly. - An electronic spreadsheet is maintained to manage income from lettings. - New combination to the safe, and 	Y Y Y Y

		access restricted to senior members of staff or if deemed necessary due to a lack of senior members.	
Housing Renewal Grant	Ensure grant claim is in line with terms and conditions of scheme.	None	
Proceeds of Crime Act	Evaluate the policies and procedures in place by carrying out a variety reviews, compliance and substantive testing to ensure that adequate procedures and documents are in place to administer the Money Laundering Regulations policy.	<ul style="list-style-type: none"> - Examine and update the Authority's Money Laundering Policy to reflect December 2007 new regulations. - Staff familiarise themselves with both the Money Laundering Regulations 2003 and Anti Corruption and Anti Fraud Policy. 	Y Y
Market Rents	Review the systems in place to ensure that the service is carrying out its statutory duties in line with best practice, has arrangements in place to monitor and improve the efficiency and effectiveness of its operations, and adequate reporting arrangements are in place.	<ul style="list-style-type: none"> - Traders should only occupy their allocated stall which they have paid rent for. Inspections should be carried out by Steve Fenwick to ensure this is being adhered to. - Market Superintendent to take extra care when completing attendance sheets to ensure reconciliations can be carried out. 	Y Y
Creditors	Supplies of goods and services are properly authorised and comply with standing orders and Financial Procedure Rules; Procedures ensure that payments are only made for goods and services received; Controls over input ensure that it is authorised, complete, accurate, not previously processed and timely; Processing controls ensure that all data is processed and accounted for, and that backup copies of files are taken at appropriate intervals and held securely; All expected output is produced, appears reasonable and is distributed on time with confidentiality being maintained; Cheques and data are securely controlled both as blanks and when completed; Policies relating to data protection, information classification and information security within the authority should be adhered to.	<ul style="list-style-type: none"> - Buyer codes in the purchase order module are linked to individual logins. - Requisitioner codes in the purchase order module are linked to individual logins. - Budget thresholds are implemented in Integra. - All reports used in compilation of BVPI are retained for inspection. - An explanation of queries is provided by the compiler of the information. - Logins are deactivated in a timely manner for employees who are no longer employed by the Council. The process of informing Integra Support is made more efficient. - A review of access rights is performed to ensure an adequate separation of duties. - Internal Audit are provided with full report writing capabilities within Integra / full report parameters are made available to the auditor. 	Y Y N Y Y Y Y Y
Benefits	Examine and evaluate the systems and procedures in place to administer Council Tax and Housing benefits to ensure that benefit payments are made promptly and to the correct recipient; benefits are assessed in accordance with verification framework regulations and are calculated correctly; outputs are	<ul style="list-style-type: none"> - That there are arrangements made to ensure that any valuables received are recorded immediately and signed for when handed over this will ensure a full trail is maintained of documents received. - That the targeted approach is subject to an internal risk assessment which considers the information received from other agencies and their control 	Y Y

	<p>independently checked for accuracy and reasonableness; transactions are recorded correctly in the Authority's accounts; and all records and documentation are safeguarded from loss and unauthorised access.</p>	<p>environment.</p> <ul style="list-style-type: none"> - That the decision record for discretionary payments is signed off at the meeting and that a full reason for making the decision is recorded. - Pended overpayment debts are reviewed on a regular basis. - That there are arrangements in place to ensure that overpayment arrears, recovery rates and debt cancellations / write off levels are monitored on a regular basis by management. - That there are arrangements made to review the business continuity plan on an annual basis and when major changes occur. - That there are arrangements in place for Manager's to confirm access held on a regular basis – at least annually. - That the Information Security Policy documents are incorporated into the section procedures. - That Strategy/Policy documents are put in place to demonstrate the authority's commitment and processes in relation to the following areas: <ul style="list-style-type: none"> - Benefit Take up - Backdating - Discretionary Payments - Overpayments 	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
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Appendix B

Audit	Objectives
Industrial Estate Income	Ensure there is a clear charging policy in place, which maximises income for the Council whilst providing for new / small businesses. The policy is reviewed on a regular basis and any agreed amendments to charges are implemented; Units are let in a transparent and fair manner; Budget working papers are realistic, referenced to trend analysis and actual achievement against budget. Income received is monitored against projected budget to enable prompt identification of variances; All income due to the Council is received in full and correctly processed; Adequate debt monitoring / recovery arrangements are in place; The Council complies with Health and Safety legislation.
Trading Standards	Ensure HBC Trading Standards Service provides a service for Hartlepool in line with statutory obligations and Council Policy. Clear guidelines are in place to ensure a consistent standard of service; The service enforces all legislation set by central government in order to provide a fair trading environment for consumers and traders and to provide a customer friendly consumer advice & conciliation service for residents and businesses; The service has developed mutually beneficial partnership with other bodies in order to share intelligence and information designed to increase the benefit of fair markets and consumer protection. Liaison with other bodies prevents duplication of work and overlapping activities. Effective management information systems are in place to ensure all areas of illegal activity are identified. Procedures are in place to ensure that evidence gathered is reliable, complete and accurate and can withstand challenge in legal proceedings; Assets are held / disposed of securely and adequate performance measures are in place to monitor the efficiency and effectiveness of the service.
Improvement/ Renovation Grants	The authority has a clearly defined policy and up to date procedures which act as a guide to staff and are available to applicants, agents, contractors etc; Entitlement to grant assistance is calculated promptly and in accordance with statutory requirements and Council Policies; The level of grant is calculated accurately, in accordance with statutory requirements and Council Policies; Grant aided works are completed satisfactorily, to a required standard; Payment of grants are authorised, recorded and made in accordance with statutory requirements and council policies; Grant conditions remain in force for the appropriate statutory period; Grant payments are recovered in the event of non-compliance with the grant conditions, where applicable; Complaints are dealt with appropriately.
Asset Register/Capital Accounting	To ensure that all existing assets are identified and correctly recorded in the register; There is effective management of assets; Assets are correctly valued; All additions, deletions and amendments to the fixed asset register are completely and accurately recorded; Capital charges are correctly calculated and recorded in the accounts.
Partnerships	Ensure adequate governance arrangements are in place for significant partnerships.
LAA	To determine the extent and implications of the grant conditions and evaluate the arrangements in place to ensure that these are achieved. To examine the funding reporting arrangements and budgetary control procedures. To ensure that capital assets procured by the LA are appropriately recorded. To ensure that actual outcomes are reported on a regular basis. To identify and evaluate the arrangements in place for collating outcome figures, ensuring that these can be supported by back up documentation. To evaluate the risk management processes in place. To assess the arrangements in place for approving projects. To evaluate the internal monitoring arrangements in place.
Fraud Awareness	To evaluate the awareness of fraud across the Authority considering the following areas: Newslines, Management Matters, Payslips, Article in Hartbeat, Council Tax Leaflet and Trading Standards. Identify any gaps. Complete the 'Managing the Risk of Fraud' checklists covering: Adopting the Right Strategy, Accurately Identifying the Risks, Creating and Maintaining a Strong Structure, Taking Action to Tackle the Problem, Defining Success. Examine Corporate Risk Register re: Risk of Fraud.

Main Accounting System	Financial management arrangements, accounting standards and policies adopted by HBC meet the requirements of the organisation, comply with legislation and best practice and are adhered to throughout the organisation; The financial accounting system is sufficiently robust and flexible enough to meet the needs of different users (i.e. budget holders, senior managers, those charged with governance), capable of expansion to meet any growth in the organisation or in its financial information requirements; All transactions recorded in feeder systems are completely and accurately transferred to the main accounting system. Accounting balances from the previous financial year are brought forward into the current years accounts correctly; Transactions within the main accounting system are correctly coded and calculated; The output from the main accounting system is correctly presented in the authority's final accounts; The security and integrity of the system is maintained.
Partnering Contracts	There is a clearly defined policy in place agreed by members, that is in line with corporate objectives, legislation/regulation, which promotes value for money and sustainability, is subject to regular review and communicated to all relevant parties; Contracts/partnership agreements for individual projects should state clearly the agreed objectives as well as showing how risks to the achievement of such objectives are to be managed and by whom. They should incorporate arrangements for achieving continuous improvement (i.e. KPI's); There is adequate separation of duties in place; There is effective monitoring of partnering contracts; Work should be completed to a satisfactory standard.
Age Discrimination Act	Ensure current policies and procedures are up to date and in line with the regulations, refer to or directly support them, training scheme ensures that all staff are aware of their responsibilities and rights under the regulations and regular monitoring is undertaken and reported to the relevant staff/bodies to ensure the Authority can demonstrate compliance with the regulations or improvement towards targets.
Trade Refuse	Ensure that procedure notes are in place, a service plan has been drawn up, charges are regularly reviewed, agreements are entered into, income is received in a timely manner, invoices are raised correctly and in a timely manner, non-payment is promptly identified, criteria relating to the cancellation of the service are followed, and management information is provided.
Childrens Act	Examine the arrangements in place within the Authority to ensure that the Children's Act legislation is being complied with. This includes ensuring; that there are processes in place to co-ordinate the authorities approach to the various elements within the Children's Act, compliance with the legislation is monitored and action plans put in place where necessary, identifying any areas which are not covered by separate audits to evaluate the risks and carry out testing as appropriate or use to inform the audit plan.
Court of Protection	Test and evaluate the efficiency and effectiveness of the Court of Protection function ensuring that Hartlepool Borough Council is appointed only where necessary and in accordance with the statutory requirements, adequate procedures exist for the administrations of applications, assets are securely held on behalf of service users and IT and data security is adequate.
Warren Road	Ensure that all cash is administered in accordance with the financial procedure rules, assets are securely held, the budget is effectively managed, creditor payments are in accordance with standing orders and financial procedure rules and insurance cover is adequate.
Housing Aid	Ensure that all relevant policies & procedures are adhered to, budgets are effectively managed and all statutory requirements are followed. Any expenditure is administered in accordance with Financial Procedure Rules.



Report of: Chief Financial Officer

Subject: AUDIT COMMISSION REPORT- AUDIT AND
INSPECTION PLAN 2008/09

1. PURPOSE OF REPORT

- 1.1 To inform Members of the Audit Committee that arrangements have been made for a representative from the Audit Commission to be in attendance at this meeting, to present the Audit Commission Report Audit and Inspection Plan 2008/09.

2. BACKGROUND

- 2.1 The plan sets out the audit and inspection work that the Audit Commission propose to undertake for 2008/09. The plan is based on the Audit Commission's risk-based approach to audit planning and the requirements of Comprehensive Performance Assessment (CPA). It reflects:
- audit and inspection work specified by the Audit Commission for 2008/09;
 - current national risks relevant to local circumstances; and
 - local risks and improvement priorities.

3. AUDIT COMMISSION REPORT

- 3.1 Attached, as Appendix 1, is the Audit and Inspection Plan 2008/09 report. The report outlines the work the Audit Commission will undertake in relation to the following areas:
- Use of Resources.
 - CPA and Inspection.
 - Mandated Work.

- 3.2 The report also details the audit and inspection fee.

4. RECOMMENDATIONS

- 4.1 That the Audit Committee notes the report of the Audit Commission.

Audit and Inspection Plan

Hartlepool Borough Council

Audit 2008/09

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

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.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

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Introduction

- 1** This plan sets out the audit and inspection work that we propose to undertake for the 2008/09 financial year. The plan is based on the Audit Commission's risk-based approach to audit planning and the requirements of moving towards Comprehensive Area Assessment (CAA). It reflects:
 - audit and inspection work specified by the Audit Commission for 2008/09;
 - current national risks relevant to your local circumstances; and
 - your local risks and improvement priorities.
- 2** During 2008/09, the role of Relationship Manager will be replaced by the post of Comprehensive Area Assessment Lead (CAAL). The CAAL will provide the focal point for the Commission's work in your local area, lead the CAA process, and ensure that the combined inspection programme across all inspectorates is tailored to the level and nature of risk for the area and its constituent public bodies. The Commission has become the statutory gatekeeper of all inspection activity involving local authorities.
- 3** As I have not yet completed my audit for 2007/08, the audit planning process for 2008/09, including the risk assessment, will continue as the year progresses, and the information and fees in this plan will be kept under review and updated as necessary.

Responsibilities

- 4 The Audit Commission comply with the statutory requirements governing our audit and inspection work, in particular:
 - the Audit Commission Act 1998;
 - the Local Government Act 1999; and
 - the Code of Audit Practice.
- 5 The Code of Audit Practice (the Code) defines auditors' responsibilities in relation to:
 - the financial statements (including the annual governance statement); and
 - the audited body's arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 6 The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies (from April 2008) sets out the respective responsibilities of the auditor and the Council. The Audit Commission has issued a copy of the Statement to every audited body.
- 7 The Statement summarises where the different responsibilities of auditors and of the audited body begin and end, and audit work is undertaken in the context of these responsibilities.

Fees

- 8 The details of the structure of scale fees are set out in the Audit Commission's work programme and fee scales 2008/09. Scale fees are based on a number of variables, including the type, size and location of the audited body.
- 9 The total indicative fee for the audit and inspection work included in this audit and inspection plan for 2008/09 is £276,000, which compares to the planned fee of £269,800 for 2007/08.
- 10 A summary of this is shown in the table below. The fee is determined by audit risks identified, mandated work and basic assumptions. A detailed breakdown of the audit and inspection fee is included in Appendix 2.

Table 1 Audit and Inspection fee

Audit area	Planned fee 2008/09	Planned/Actual fee 2007/08	Page
Total audit fee	253605	246625	9
Total inspection fee (net of grant)	22395	23175	13
Certification of claims and returns	13868	14728	

- 11 The Audit Commission scale fee for Hartlepool Borough Council is £211,000. The fee proposed for 2008/09 is + 20 per cent compared to the scale fee and is within the normal level of variation specified by the Commission.
- 12 In setting the fee, we have assumed that:
 - the level of risk in relation to the audit of the financial statements is not significantly different from that identified to 2007/08;
 - internal audit undertakes appropriate work on all systems; and
 - good quality working papers and records will be provided to support the financial statements by 1 July 2009.

Further details of the assumptions are outlined in Appendix 2.

- 13 The Audit Commission has the power to determine the fee above or below the scale fee where it considers that substantially more or less work is required than envisaged by the scale fee. The Audit Commission may, therefore, adjust the scale fee to reflect the actual work that needs to be carried out to meet the auditor's statutory responsibilities, on the basis of the auditor's assessment of risk and complexity at a particular body.

- 14** It is a matter for the auditor to determine the work necessary to complete the audit and, subject to approval by the Audit Commission, to seek to agree an appropriate variation to the scale fee with the Council. The Audit Commission expects normally to vary the scale fee by no more than 30 per cent (upwards or downwards). This fee then becomes payable.
- 15** Major variances between the planned fee and the planned fee 2007/08 are:
- additional fee of £9,000 in respect of the extended scope of use of resources work to support CAA. The specific scope of this work is still subject to consultation, as outlined above; and
 - we are no longer required to audit the best value performance plan

Specific actions Hartlepool Borough Council could take to reduce its audit fees

- 16** The Audit Commission requires its auditors to inform a council of specific actions it could take to reduce its audit fees. I have identified the following actions Hartlepool Borough Council could take:
- continued prompt and robust implementation of our recommendations will contribute to improvements in arrangements and minimise the audit work required;
 - respond promptly, in accordance with agreed protocols, to audit queries; and
 - ensure robust evidence is available to support budget setting, budget monitoring and control.

Process for agreeing any changes in audit fees

- 17** As set out in paragraph 4, I expect that the initial risk assessment may change as the year progress. Where this is the case, I will discuss this in the first instance with the Assistant Chief Executive. Supplements to the plan will be issued to record revisions to the risk and the impact on the fee.

Auditor's report on the financial statements

- 18 I am required to issue an audit report giving my:
- opinion on whether the financial statements present fairly the financial position of the Council as at 31 March 2009; and
 - conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Financial statements

- 19 I have not undertaken a risk assessment for the audit of the financial statements as many of the specific risks which may become apparent after I have completed the 2007/08 audit. A separate opinion plan for the audit for the financial statements will be issued in December 2008.

VFM conclusion

- 20 In reaching my conclusion I will review evidence that is relevant to the Council's performance management and financial management arrangements.
- 21 The key risks highlighted from the planning are summarised in Appendix 3. At this stage we are satisfied that the Council is responding adequately to those issues and any residual risks can be addressed through mandatory work and work to complete our Use of Resources assessment.

Use of resources 2007/08

- 22 This audit plan covers the last year of the current regime for the use of resources assessment as part of the CPA framework. The work required to arrive at the 2007/08 use of resources assessment is fully aligned to that required to arrive at the auditor's 2007/08 value for money conclusion.
- 23 Appendix 1 outlines the criteria and scoring.
- 24 The initial risk assessment for use of resources work is shown in Appendix 3. This will be updated through the continuous planning process as the year progresses.

Use of resources 2008/09

- 25 The Audit Commission has specified that auditors will complete a use of resources assessment for 2008/09. This will be a new assessment forming part of the CAA framework for 2009.
- 26 The Commission proposes that the approach to the new use of resources assessment will be focussed on three themes with the detailed Key Lines of Enquiry to be confirmed. For each of the significant risks identified in relation to the use of resources work, I consider the arrangements put in place by the Council to mitigate the risk, and plan the work accordingly.
- 27 The initial risk assessment for use of resources work is shown in Appendix 3. This will be updated through the continuous planning process as the year progresses.

Mandated work

28 As part of the audit, the mandated work programme comprises:

- data quality for 2007/08; and
- whole of government accounts.

Appendix 1 highlights the work to be undertaken.

CPA and inspection

- 29 From April 2009, the Audit Commission, jointly with the other public service inspectorates, will be implementing Comprehensive Area Assessment (CAA). Therefore, 2008/09 is the last year in which corporate assessments and programme service inspections will be undertaken as part of the CPA framework.
- 30 The Audit Commission's CPA and inspection activity is underpinned by the principle of targeting our work where it will have the greatest effect, based upon assessments of risk and performance.
- 31 The Council's CPA category is, therefore, a key driver in the Commission's inspection planning process. For CPA 2007, the Council was categorised as four stars.
- 32 I have applied the principles set out in the CPA framework, '*CPA - The Harder Test*', recognising the key strengths and areas for improvement in the Council's performance.
- 33 Strengths in the Council's performance include:
 - partnership working;
 - performance management; and
 - capacity.
- 34 Areas for improvement in the Council's performance include:
 - continuing to improve value for money
 - implementing established work programmes for identified areas for organisational development; and
 - improve service performance in areas performing below average, such as addressing problems in relation to NEETS and high rates of teenage pregnancy.

- 35 On the basis of the planning process I have identified where inspection activity will be focused for 2008/09 as follows.

Table 2 Summary of inspection activity

Inspection activity	Reason/impact
Relationship Manager (RM)	To act as the Commission's primary point of contact with the Council and the interface at the local level between the Commission and the other inspectorates, government offices and other key stakeholders.
Direction of Travel (DoT) assessment	An annual assessment, carried out by the RM, of how well the Council is securing continuous improvement. The DoT statement will be reported in the Annual Audit and Inspection Letter. The DoT assessment summary will be published on the Commission's website.

Advice and assistance

- 36** Under paragraph 9 of Schedule 2A of the Audit Commission Act 1998 we have powers to provide 'advice and assistance' (A&A) to another public body where this is requested.
- 37** If you wish the Commission to provide additional services under these powers, please contact Janet Gauld, regional lead on A&A.

The audit and inspection team

- 38 The key members of the audit and inspection team for the 2008/09 audit are shown in the table below.

Table 3 Audit and inspection team

Name	Contact details	Responsibilities
Steve Nicklin Relationship Manager	s-nicklin@audit-commission.gov.uk 0844 7981621	The primary point of contact with the Council and the interface at the local level between the Commission and the other inspectorates, government offices and other key stakeholders.
Lynne Snowball District Auditor	l-snowball@audit-commission.gov.uk 0844 7981670	Responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and conclusion, and liaison with the Chief Executive and audit committee.
Caroline Tyrrell Audit Manager	c-tyrrell@audit-commission.gov.uk 0844 7981688	Manages and coordinates the different elements of the audit work. Key point of contact for the Director of Finance.
Samantha Eason Performance Manager	s-eason@audit-commission.gov.uk 0844 7981692	Responsible for the delivery of elements of the use of resources work including input into the use of resources assessment and elements of the Direction of Travel assessment.

Quality of service

- 39 I am committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively, you may wish to contact the North East Head of Operations, Dave Allsop.
- 40 If I am unable to satisfy your concerns, you have the right to make a formal complaint to the Audit Commission. The complaints procedure is set out in the leaflet '*Something to Complain About*', which is available from the Commission's website or on request.

Planned outputs

- 41 Reports will be discussed and agreed with the appropriate officers before being issued to the audit committee.

Table 4 Planned outputs

Planned output	Indicative date
Opinion Audit Plan	December 2008
Annual governance report	September 2009
Auditor's report giving an opinion on the financial statements	September 2009
Final accounts memorandum	October 2009
Use of resources report	December 2009
Annual Audit and Inspection Letter	TBC

Appendix 1 – Elements of our work

Financial statements

- 1 I will carry out the audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).
- 2 I am required to issue an opinion on whether the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Council as at 31 March 2009 and its income and expenditure for the year.
- 3 I am also required to review whether the Annual Governance Statement has been presented in accordance with relevant requirements, and to report if it does not meet these requirements or if the Annual Governance Statement is misleading or inconsistent with our knowledge of the Council.

Value for money conclusion

- 4 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. The Code also requires me to have regard to a standard set of relevant criteria, issued by the Audit Commission, in arriving at my conclusion.
- 5 In meeting this responsibility, I will review evidence that is relevant to the Council's corporate performance management and financial management arrangements. Where relevant work has been undertaken by other regulators, we will normally place reliance on their reported results to inform our work.
- 6 I will also follow up audit work from previous years to assess progress in implementing agreed recommendations.

Use of resources assessment 2007/08

- 7 The use of resources themes and KLOEs are outlined below.
- 8 We will arrive at a score of 1 to 4, based on the underlying key line of enquiry, for each of the following themes.

Table 5

Theme	Description
Financial reporting	<ul style="list-style-type: none"> • preparation of financial statements • external reporting
Financial management	<ul style="list-style-type: none"> • medium-term financial strategy • budget monitoring • asset management
Financial standing	<ul style="list-style-type: none"> • managing spending within available resources
Internal control	<ul style="list-style-type: none"> • risk management • system of internal control • probity and propriety
Value for money	<ul style="list-style-type: none"> • achieving value for money • managing and improving value for money

- 9 We will report details of the scores and judgements made to the Council. The scores will be accompanied, where appropriate, by recommendations of what the Council needs to improve.
- 10 The auditor's scores are reported to the Commission and are used as the basis for its overall use of resources judgement for the purposes of the CPA.

Use of resources assessment 2008/09

- 11 The Commission has now consulted on its proposals for the 2008/09 Use of Resources assessment. It proposes that the work required to arrive at the 2008/09 use of resources assessment is fully aligned with that required to arrive at the auditor's 2008/09 value for money conclusion.

- 12 The Commission proposes that the assessment will be based upon the evidence from three themes:
- managing money;
 - managing the business; and
 - managing other resources.
- 13 The Commission proposes that Data Quality will become an element of the Use of Resources framework from 2008/09.

Data quality 2007/08

- 14 This plan covers the 2007/08 data quality work. This is based on a three-stage approach covering:
- stage 1 – management arrangements;
 - stage 2 – analytical review; and
 - stage 3 – risk-based data quality spot checks of a sample of 2007/08 performance indicators.
- 15 Work will be focused on the 2007/08 overall arrangements for data quality, particularly on the responsibility of the Council to manage the quality of its data including data from partners where relevant.
- 16 Our fee estimate reflects an assessment of risk in relation to the Council's data quality arrangements and performance indicators. This risk assessment may change depending on our assessment of your overall management arrangements at stage 1 and we will update our plan accordingly, including any impact on the fee.

Whole of government accounts

- 17 I will be required to review and report on your WGA consolidation pack in accordance with the approach agreed with HM Treasury and the National Audit Office.

National Fraud Initiative

- 18 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 Crime Act 2007. The Commission will be consulting audited bodies on the work programme and fee scales for the National Fraud Initiative later this year.

Certification of grant claims and returns

19 I will continue to certify the Council's claims and returns on the following basis:

- claims below £100,000 will not be subject to certification;
- claims between £100,000 and £500,000 will be subject to a reduced, light-touch certification; and
- claims over £500,000 will be subject to a certification approach relevant to the auditor's assessment of the control environment and management preparation of claims. A robust control environment would lead to a reduced certification approach for these claims.

Appendix 2 – Basis for fee

- 1 The Audit Commission is committed to targeting its work where it will have the greatest effect, based upon assessments of risk and performance. This means planning work to address areas of risk relevant to our audit responsibilities and reflecting this in the audit fees. It also means making sure that our work is coordinated with the work of other regulators, and that our work helps you to improve.
- 2 The risk assessment process starts with the identification of the significant financial and operational risks applying at the Council with reference to:
 - our cumulative knowledge of the Council;
 - planning guidance issued by the Audit Commission;
 - the specific results of previous and ongoing audit work;
 - interviews with Council officers;
 - liaison with internal audit; and
 - the results of other review agencies' work where relevant.

Assumptions

- 3 In setting the fee, I have assumed that:
 - the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2007/08;
 - you will inform us of significant developments impacting on the audit;
 - internal audit meets the appropriate professional standards;
 - internal audit undertakes appropriate work on all systems that provide material figures in the financial statements sufficient that we can place reliance for the purposes of our audit;
 - good quality working papers and records will be provided to support the financial statements by 1 July 2009;
 - requested information will be provided within agreed timescales; and
 - prompt responses will be provided to draft reports; and
 - additional work will not be required to address questions or objections raised by local government electors.
- 4 Where these assumptions are not met, I will be required to undertake additional work which is likely to result in an increased audit fee. The fee for the audit of the financial statements will be re-visited when we issue the opinion audit plan.

- 5 Changes to the plan will be agreed with you. These may be required if:
 - new residual audit risks emerge;
 - additional work is required by the Audit Commission or other regulators; or
 - additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.
- 6 Below is a detailed breakdown of the audit and inspection fee for 2008/09.
- 7 The fee (plus VAT) will be charged in 12 equal instalments from April 2008 to March 2009.

Table 6 Detailed audit and inspection fee

Audit area	Planned fee 2008/09	Planned/Actual fee 2007/08
Audit (excluding the Pension Fund)		
Financial statements	168268	163832
Use of resources 2007/08	52383	60732
Use of resources 2008/09	9000	
Data quality 2007/08	21454	19694
Whole of government accounts	2500	2367
Total audit fee	253605	246625
Inspection		
Relationship management	14930	14750
Direction of Travel	14930	16150
Total inspection fee (less CLG element)	22395	23175
Total audit and inspection fee	276000	269800
Certification of claims and returns	13868	14728

Appendix 3 – Initial risk assessment – Use of resources and VFM conclusion

Significant risks identified	Mitigating action by audited body	Residual audit risk	Action in response to residual audit risk	Link to auditor's responsibilities
Financial health continues to be a key risk for many councils. Social and healthcare demand and cost pressures and the application of social care eligibility criteria are particular risk areas. The Audit Commission is developing a toolkit to help councils ensure social care eligibility criteria help them to deliver value for money and identify resources that can be used to modernise services.	Financial health and value for money assessed as performing strongly. The Council has reviewed budgets, and has revised eligibility criteria to address elements of cost pressure.	Yes	Review financial health arrangements including: <ul style="list-style-type: none"> • partnership working with Hartlepool PCT; and • success of action taken by the Council already in reducing costs whilst maintaining required services (use of the Audit Commission toolkit to identify scope for further action). 	KLOE 1.1 the organisation is in sound financial health. KLOE 1.2 the organisation plans its finances effectively to deliver its strategic priorities. KLOE 1.3 the organisation has a sound understanding of its costs linked to performance and achieves value for money in the delivery of services.

Significant risks identified	Mitigating action by audited body	Residual audit risk	Action in response to residual audit risk	Link to auditor's responsibilities
The Council may not have arrangements in place for areas included in the new expanded use of resources assessment.	The Council has recognised that arrangements can be strengthened in these areas and is working to improve arrangements in place.	Yes	Early review and ongoing monitoring of arrangements in place for: <ul style="list-style-type: none"> • asset management; • sustainability; • human resources, including workforce planning; and • IT. 	KLOE 3.1 the organisation is making effective use of natural resources. KLOE 3.2 the organisation manages its assets effectively and sustainably to help deliver its strategic priorities and service needs. KLOE 3.3 the organisation is forward looking as it plans, organises and develops its workforce and information technology to support the achievement of its strategic priorities.
Improving data quality and use of information in audited bodies remains a key strategic objective for the Audit Commission.	Data quality arrangements are in place, performance information is regularly reported to members.	Yes	Update assessment of arrangements for ensuring data quality and test a sample of performance indicators, as required by Audit Commission. Review of use of information for performance management across the organisation, including arrangements to ensure agreed action plans are monitored.	KLOE 2.2 the organisation uses performance management to ensure that it delivers its priorities and intended outcomes for local people. VFM conclusion.
The Council continues to manage a number of major capital schemes using different methods of financing. This may not always provide value for money.	The Council has project appraisal arrangements, although these vary by type of scheme.	Yes	Review the project and programme management arrangements in place for capital projects.	KLOE 1.3 the organisation has a sound understanding of its costs linked to performance and achieves value for money in the delivery of services. KLOE 3.2 the organisation manages its assets effectively and sustainably to help deliver its strategic priorities and service needs. VFM conclusion.

26 Audit and Inspection Plan | Appendix 3 – Initial risk assessment – Use of resources and VFM conclusion

Significant risks identified	Mitigating action by audited body	Residual audit risk	Action in response to residual audit risk	Link to auditor's responsibilities
The Council may not have appropriate arrangements in place to successfully manage the Building Schools for the Future programme.	The Council has a project team in place and is seeking expert help, including Gateway reviews.	Yes	Review of project arrangements and risk assessment, to inform audit plans.	KLOE 1.3 the organisation has a sound understanding of its costs linked to performance and achieves value for money in the delivery of services. KLOE 3.2 the organisation manages its assets effectively and sustainably to help deliver its strategic priorities and service needs.

Appendix 4 – Independence and objectivity

- 1 I am not aware of any relationships that may affect the independence and objectivity of the District Auditor and the audit staff, which we are required by auditing and ethical standards to communicate to you.
- 2 I comply with the ethical standards issued by the APB and with the Commission's requirements in respect of independence and objectivity as summarised below.
- 3 Auditors appointed by the Audit Commission are required to comply with the Commission's Code of Audit Practice and Standing Guidance for Auditors, which defines the terms of the appointment. When auditing the financial statements, auditors are also required to comply with auditing standards and ethical standards issued by the Auditing Practices Board (APB).
- 4 The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.
- 5 International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) requires that the appointed auditor:
 - discloses in writing all relationships that may bear on the auditor's objectivity and independence, the related safeguards put in place to protect against these threats and the total amount of fee that the auditor has charged the client; and
 - confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, they are independent and their objectivity is not compromised.
- 6 The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is the Audit Committee. The auditor reserves the right, however, to communicate directly with the Council on matters which are considered to be of sufficient importance.
- 7 The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively, and ensure that they do not act in any way that might give rise to, or could reasonably be perceived to give rise to, a conflict of interest. In particular, appointed auditors and their staff should avoid entering into 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.
- 8 The Standing Guidance for Auditors includes a number of specific rules. The key rules relevant to this audit appointment are as follows.

- Appointed auditors should not perform additional work for an audited body (ie work over and above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might give rise to a reasonable perception that their independence could be compromised. Where the audited body invites the auditor to carry out risk-based work in a particular area that cannot otherwise be justified as necessary to support the auditor's opinion and conclusions, it should be clearly differentiated within the Audit and Inspection Plan as being 'additional work' and charged for separately from the normal audit fee.
- 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.
- The District Auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every five years.
- The District Auditor and senior members of the audit team are prevented from taking part in political activity on behalf of 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.
- The District Auditor and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.

Appendix 5 – Working together

Meetings

- 1 The audit team will maintain knowledge of your issues to inform our risk-based audit through regular liaison with key officers.
- 2 Our proposal for the meetings is as follows.

Table 7 Proposed meetings with officers

Council officers	Audit Commission staff	Timing	Purpose
Chief Executive	District Auditor (DA) Audit Manager (AM)	Quarterly: April, August, November, February	General update plus: <ul style="list-style-type: none"> • April - Audit and Inspection Plan; • June - accounts progress and VFM • March - Annual Audit and Inspection letter.
Assistant Chief Executive	AM	Monthly	General update
Chief Financial Officer	AM and Team Leader (TL)	Quarterly	Update
Chief Personnel Officer	AM	Quarterly	Update
Chief Internal Auditor	TL	Monthly	Update on audit progress and issues
Audit Committee	DA and AM, with TL and/or Performance Lead as appropriate	Quarterly	Formal reporting of: <ul style="list-style-type: none"> • Audit and Inspection Plan; • annual governance report; • Annual Audit and Inspection Letter; and • other issues as appropriate.

Sustainability

- 3 The Audit Commission is committed to promoting sustainability in our working practices and we will actively consider opportunities to reduce our impact on the environment. This will include:
- reducing paper flow by encouraging you to submit documentation and working papers electronically;
 - use of video and telephone conferencing for meetings as appropriate; and
 - reducing travel.