

Audit plan

Bracknell Forest Council

Audit 2010/11

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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Introduction

This plan sets out the audit work that I propose to undertake for the audit of financial statements and the value for money conclusion 2010/11.

1 The plan is based on the Audit Commission's risk-based approach to audit planning. It reflects:

- audit work specified by the Audit Commission for 2010/11;
- current national risks relevant to your local circumstances; and
- your local risks.

2 The audit planning process for 2010/11, including the risk assessment will continue as the year progresses and I will keep the information and fees in this plan under review and update it as necessary.

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 every audited body.

3 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.

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

- the Audit Commission Act 1998; and
- the Code of Audit Practice.

5 Should you wish to discuss any element of your responsibilities please let me know.

Fee for the audit

The fee for the audit is £256,600, as indicated in my letter of 9 March 2010.

6 The Audit Commission scale fee for a unitary council with equivalent gross spend to Bracknell Forest Council is £229,220. The fee proposed for 2010/11 is 12 per cent above the scale fee, due substantially to the implementation of the new revenues and benefits system, and is within the normal level of variation specified by the Commission.

7 Please note that the audit fee above is quoted on a gross basis and does not include the rebates detailed below which will be processed as separate adjustments by the Commission. After taking account of rebates which total £22,200 the net fee payable for 2010/11 is £234,400. This compares to an audit fee of £242,100 for 2009/10.

8 The published fee scale for 2010/11 included a 6 per cent increase to cover the costs of additional audit work arising from the introduction of International Reporting Standards. In July 2009, in recognition of the financial pressures that public bodies were facing in the current economic climate, the Commission confirmed that it would subsidise the 'one-off' element of the cost of transition to International Financial Reporting Standards (IFRS) for local authorities and police and fire and rescue authorities from 2010/11. You therefore received a 6 per cent rebate from the Audit Commission in May 2010, amounting to £14,177.

9 The Commission wrote to all audited bodies, on 9 August 2010, about its proposed new arrangements for local value for money audit work. The impact of this change for 2010/11 has now been considered as part of the December 2010 consultation on its work programme and fee scales for 2011/12. In addition to the IFRS rebate above the Commission has decided to rebate a further 3.5 per cent of fees in 2010/11, amounting to £8,023, reflecting the change in the auditors approach to VFM.

10 Changes in International Auditing Standards (ISAs) will increase the audit procedures I need to carry out. In line with the Audit Commission's fee proposals for 2010/11, and subject to the planning assumptions below, I will absorb the cost of these additional requirements within the quoted fee.

11 In setting the fee, I have assumed that:

- the level of risk in relation to the financial statements audit is consistent with that for 2009/10;
- good quality working papers will be supplied to support the restatement of 2009/010 balances to comply with International Financial Reporting Standards (IFRS);
- good quality, accurate working papers are available at the start of the financial statements audit; and
- your internal audit team undertakes appropriate work on all material systems and this is available for our review by March 2011

12 Where these assumptions are not met, I will be required to undertake additional work which is likely to result in an increased audit fee. Where this is the case, I will discuss this first with the Borough Treasurer and I will issue supplements to the plan to record any revisions to my assessment of risks and the impact on the fee.

13 Further information on the basis for the fee is set out in Appendix 1.

Specific actions the Council could take to reduce its audit fees

14 The Audit Commission requires its auditors to let audited bodies know what they can do to reduce audit fees. In setting the fee for 2010/11 I have made provision for audit work associated with the implementation of your new revenues and benefits system and first time reporting under IFRS. Ensuring effective introduction of these changes will enable fees to be reduced in 2011/12.

15 I will continue to work with your staff to identify any actions that could be taken to reduce fees and/ or limit the requirement for additional fees.

Auditors report on the financial statements

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).

16 I am required to issue an audit report giving my opinion on whether the accounts give a true and fair view of the financial position of the Council as at 31 March 2011.

Materiality

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

Identifying opinion audit risks

18 As part of my audit risk identification process, I need to fully understand the Council to identify any risk of material misstatement (whether due to fraud or error) in the financial statements. I do this by:

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

Identification of specific risks

I have considered the additional risks that are appropriate to the current opinion audit and have set these out below together with my proposed audit response.

Table 1: **Specific risks**

Specific opinion risks identified

Risk area	Audit response
<p>Transition to IFRS</p> <p>The re-statement of the 2009/10 accounts and the preparation of 2010/11 accounts in accordance with IFRS is a significant project for the Council.</p> <p>You have made good progress in relation to IFRS implementation by drawing up accounting policies and producing restated accounts. You have a plan in place to ensure that you will produce IFRS compliant accounts by the statutory deadline of 30 June.</p>	<p>I will continue to consider the arrangements in place to manage the transition process and continue to monitor progress.</p> <p>My team has already carried out early testing on the restated opening balances in the financial statements. I have reviewed the skeleton financial statements and have made an early assessment of compliance with the presentation and disclosure requirements set out in CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom.</p> <p>I will provide you with feedback which can be used to inform the closedown process.</p> <p>My team and I will continue to liaise with officers and, without compromising my independence, provide an early audit view on any complex accounting areas such as service, concessions, leases and property, plant and equipment.</p>
<p>Valuation of fixed assets</p> <p>In my 2009/10 Annual Governance Report I recommended that the Council needs to ensure that values for assets properly reflect the physical size, condition, usage and estimated life.</p>	<p>I will review your progress in developing your arrangements for asset valuations in 2010/11. In particular I will assess whether the proposed approach properly reflects the changes introduced under IFRS and if year end certification arrangements will adequately support the entries in the financial statements.</p>

Risk area	Audit response
<p>IFRS introduces changes in the accounting treatment and valuation of assets. These factors increase the risk of error and misstatement appearing in the financial statements.</p>	<p>I will review the competence, capabilities and objectivity of your valuer.</p> <p>Using information provided by an independent valuer employed by the Audit Commission's Audit Practice I will consider the reasonableness of asset values included in the financial statements.</p>
<p>New financial system</p> <p>The Council has replaced its revenue and benefits system. This has impacted on three significant financial systems – Housing Benefit, Council Tax and NDR.</p>	<p>I will review whether the Council has established:</p> <ul style="list-style-type: none"> ■ robust conversion controls to ensure all data has been completely and accurately transferred to the new system. ■ appropriate and effective application system controls for data processing on the new system <p>I will seek to place reliance on Internal Audit to complement my controls assessment.</p>

Testing strategy

On the basis of risks identified above I will produce a testing strategy which will consist of testing key controls and substantive tests of transaction streams and material account balances at year end. My testing strategy will have regard to the requirements of the new clarified International Standards of Auditing (ISAs) effective for the first time in 2010/11.

Testing strategy

19 I can carry out the testing both before and after the draft financial statements have been produced (pre- and post-statement testing).

20 Wherever possible, I will complete some substantive testing earlier in the year before the financial statements are available for audit. I have identified the following areas where substantive testing could be carried out early.

- Review of accounting policies.
- Review of accounting estimates.
- Review of disclosure and presentation.
- Bank reconciliation.
- Valuation and existence of fixed assets.
- Feeder system reconciliations.

Where I identify other possible early testing, I will discuss it with officers.

21 Wherever possible, I will seek to rely on the work of your Internal Audit team to help meet my responsibilities. For 2010/11, I expect to be able to use the results of Internal Audit's testing of key financial systems as previously agreed.

IT Risk assessment

22 This year I will update my risk assessment of IT arrangements using a revised methodology developed by the Audit Commission's Audit Practice. My review will cover your corporate IT systems and where material to the financial statements any office based systems developed by users.

23 The assessment will cover:

- entry level controls within Agresso;
- access security controls;
- data centre and network controls;
- program change controls, new systems acquisition and development; and
- end user computing.

International Standards of Auditing

24 The new clarified framework will apply to my audit of your 2010/11 financial statements. Because of these new standards, you can expect to see changes in how my audit team delivers your audit, and in the information they request from you.

25 In summary the main changes you will see relate to:

- journals;
- related party transactions;
- accounting estimates; and
- reporting deficiencies in internal control.

Journals

26 ISA (UK&I) 330 (The Auditor's Response to Assessed Risks) requires me to review all material year-end adjustment journals. Depending on the compatibility of your general ledger software I can do this by using interrogation tools such as CAATs (computer-aided audit techniques). My team will agree a suitable approach to this work with you prior to the financial statements audit.

Related Party Transactions

27 ISA (UK&I) 550 (Related Parties) requires me to review your procedures for identifying related party transactions and obtain an understanding of your controls to identify such transactions. I will also review minutes and correspondence for evidence of related party transactions and carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Accounting Estimates

28 ISA (UK&I) 540 (Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures) requires me to look at your accounting estimates in detail. As part of my audit I will request a list of these from you. I will need to know in particular:

- the process you use to make your accounting estimates;
- the controls you use to identify them;
- whether you use an expert to assist you in making the accounting estimates;
- whether any alternative estimates have been discussed and why they have been rejected;
- how you assess the degree of estimation uncertainty (this is the level of uncertainty arising because the estimate cannot be precise or exact); and
- the prior year's accounting estimates outcomes, and whether there has been a change in the method of calculation for the current year.

Deficiencies in internal control

29 ISA (UK&I) 265 (Communicating Deficiencies in Internal Control to Those Charged with Governance and Management) is a new standard.

30 If I identify a deficiency in any of your internal controls during the audit, I will undertake further audit testing to decide whether it is significant. If I decide this is the case, I will report it in writing to the Governance and Audit Committee, as those charged with governance.

Value for money conclusion

I am required to give a statutory VFM conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

31 In accordance with the Code of Audit Practice I have to be satisfied that you have established proper arrangements to secure economy, efficiency and effectiveness. The Audit Commission have specified two criteria which will provide the focus for my VFM conclusion:

- securing financial resilience – focusing on whether the Council 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 Council is prioritising its resources within tighter budgets and improving productivity and efficiency.

32 My initial planning identified some potentially significant risks which I considered might impact upon my value for money conclusion and I set these out in my letter of the 12 March 2010. I have revisited these risks in the light of the above new focus for the VFM conclusion and have refreshed my assessment of the key challenges facing the Council.

33 I have planned my work so as to consider the arrangements you have put in place to mitigate the risks I have identified. The risks and audit response are set out in Table 2.

Table 2: **Specific risks**

Specific VFM conclusion risks identified

Specific risks	Audit response
<p>Medium term financial planning</p> <p>The economic climate and the public spending pressures are having a significant effect on all councils. Ensuring sound underlying financial health will be a difficult challenge in the present economic climate.</p>	<p>As part of my assessment of the arrangements for securing financial resilience. I will consider your medium term financial plans and how you plan to address the specific risks you face.</p> <p>I will continue to review the Council's approach to closing its long term budget gap during medium term financial planning in the light of funding restrictions.</p>

Specific risks	Audit response
<p>Securing improvements in your use of resources</p> <p>The council has previously established sound arrangements for the achievement of value for money in the use of resources. In addition you have identified areas where you seek to make further improvements both in response to my previous reports and your own corporate priorities.</p>	<p>As part of my challenge as to how you are securing economy, efficiency and effectiveness I will follow-up my previous audit work to establish what progress you have made in response to improvement recommendations.</p>
<p>Town centre development</p> <p>The Council is a strategic partner in the proposed Town centre redevelopment.</p>	<p>I have made no specific provision for redevelopment in our plan but should the development progress significantly I will update my risk assessment and discuss any fee impact with the Borough Treasurer.</p>

Key milestones and deadlines

The Council is required to prepare the financial statements by the end of June 2011. I am required to complete the audit and issue the opinion and value for money conclusion in September 2011.

34 The key stages in producing and auditing the financial statements are in Table 3.

35 I will agree with you a schedule of working papers required to support the entries in the financial statements. The agreed fee is dependent on the timely receipt of accurate working papers.

36 Every week, during the audit, my audit team will meet with the key contact and review the status of all queries. I can arrange meetings at a different frequency depending on the need and the number of issues arising.

Table 3: **Proposed timetable**

Activity	Date
Walk-through testing of financial systems	February - March 2011
Controls and early substantive testing	March 2011
Receipt of accounts	June 2011
Working papers available to the auditor	June 2011
Start of detailed testing	18 July 2011
Review of draft accounts at audit committee	28 June 2011
Progress meetings	Formal monthly liaison and weekly during opinion audit .
Present report to those charged with governance at the audit committee	29 September 2011
Issue opinion and value for money conclusion	30 September 2011

The audit team

Table 4 shows the key members of the audit team for the 2010/11 audit

Table 4: **Audit team**

Name	Contact details	Responsibilities
Phil Sharman District Auditor	p-sharman@audit-commission.gov.uk 0844 798 5839	Responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and conclusion, and liaison with the Chief Executive.
Catherine Morganti Audit Manager	c-morganti@audit-commission.gov.uk 0844 798 4667	Manages and coordinates the different elements of the audit work. Key point of contact for the Borough Treasurer

Independence and objectivity

37 I am not aware of any relationships that may affect the independence and objectivity of the District Auditor which I am required by auditing and ethical standards to communicate to you. The Audit Manager for the engagement is a friend of a Director of a company who has overseen the implementation of a financial system at the Council. Safeguards have therefore been put in place to ensure that the review of this system is performed by other members of my team.

38 I comply with the ethical standards issued by the APB and with the Commission's requirements in respect of independence and objectivity as summarised in Appendix 2.

Meetings

39 The audit team will ensure we have knowledge of your issues to inform our risk-based audit through regular liaison with key officers. Our proposals are set out in Appendix 3.

Quality of service

40 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 of Professional Practice, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ (c-westwood@audit-commission.gov.uk) who will look into any complaint promptly and to do what he can to resolve the position.

41 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).

Planned outputs

42 My team will discuss and agree reports with the appropriate officers before issuing them to the Governance and Audit Committee.

Table 5: **Planned outputs**

Planned output	Indicative date
Annual Governance Report	September 2011
Auditor's report giving an opinion on the financial statements and VFM conclusion	September 2011
Annual Audit Letter	November 2011

Phil Sharman

District Auditor

March 2011

Appendix 1 Basis for fee

The Audit Commission's Audit Practice 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.

The risk assessment process starts with the identification of the significant financial and operational risks applying to the Council with reference to:

- my 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; and
- liaison with Internal Audit.

Assumptions

43 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 2009/10;
- 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 the agreed date;
- requested information will be provided within agreed timescales; and
- prompt responses will be provided to draft reports.

44 Where these assumptions are not met, I will be required to undertake additional work which is likely to result in an increased audit fee.

Appendix 2 Independence and objectivity

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).

The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.

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.

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 Governance and Audit Committee.

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.

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 seven years, with additional safeguards in the last two 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 3 Working together

Meetings

The audit team will ensure we have knowledge of your issues to inform our risk-based audit through regular liaison with key officers.

My proposal for the meetings is as follows.

Table 6: **Proposed meetings with officers**

Council officers	Audit Commission staff	Timing	Purpose
Chief Executive	District Auditor (DA) and Audit Manager (AM)	Quarterly	General update
Borough Treasurer	DA as appropriate AM and Team Leader (TL)	Bi-monthly	General update plus: <ul style="list-style-type: none">■ March - Audit Plan■ June - accounts progress■ September - Annual Governance Report■ November - Annual Audit Letter
Finance Key Contact	AM as appropriate and TL	Monthly Weekly at post statement	Update on audit issues
Governance and Audit Committee	DA and AM, with TL as appropriate	As determined by the Committee	Formal reporting of: <ul style="list-style-type: none">■ Audit Plan■ Annual Governance Report■ Annual Audit Letter■ Other issues as appropriate

Sustainability

The Audit Commission is committed to promoting sustainability in our working practices and I 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.

Appendix 4 Glossary

Annual audit letter

Report issued by the auditor to an audited body that summarises the audit work carried out in the period, auditors' opinions or conclusions (where appropriate) and significant issues arising from auditors' work.

Audit of the accounts

The audit of the accounts of an audited body comprises all work carried out by auditors in accordance with 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, comprising both the members of the body and its management (the senior officers of the body). Those charged with governance are the members of the audited body. (See also 'Members' and 'Those charged with governance'.)

Auditing Practices Board (APB)

The body responsible in the UK for issuing auditing standards, ethical standards and other 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, which contain basic principles and essential procedures with which auditors are required to 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.

Commission (the)

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

Directors

Members of the board who are collectively and individually responsible for the overall direction and control of the audited body. In NHS bodies there is a unitary board, consisting of executive members and part-time non-executive members, chaired by a non-executive member. The chief executive is responsible to the board for the day-to-day management of the organisation but, as accountable officer, is also responsible to the Department of Health for the proper stewardship of public money and assets. (See also 'Those charged with governance' and 'Audited body').

Ethical Standards

Pronouncements of the APB that contain basic principles that apply to the conduct of audits and with which auditors are required to comply, except where otherwise stated in the standard concerned.

Financial statements

The annual statement of accounts or accounting statements that audited bodies are required to prepare, which summarise the accounts of the audited body, in accordance with regulations and proper practices in relation to accounts.

Internal control

The whole system of controls, financial and otherwise, that is established in order to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

Materiality (and significance)

The APB defines this concept as 'an expression of the relative significance or importance of a particular matter in the context of the financial 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 financial 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 in relation to the financial statements. Auditors appointed by the Commission have responsibilities and duties under statute, in addition to their responsibility to give an opinion on the financial statements, which do not necessarily affect their opinion on the financial statements.

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 in relation to the financial statements. Significance has both qualitative and quantitative aspects.

Members

The elected, or appointed, members of local government bodies who are responsible for the overall direction and control of the audited body. (See also 'Those charged with governance' and 'Audited body'.)

Regularity (of expenditure and income)

Whether, subject to the concept of materiality, the expenditure and income of the audited body have been applied for the purposes intended by parliament, and whether they conform with the authorities that govern them.

Remuneration report

Audited bodies are required to produce, and publish with the financial statements, a remuneration report that discloses the salary and pension entitlements of senior managers.

Statement on internal control/Annual Governance Statement

Local government bodies are required to publish a statement on internal control (SIC) with their financial statements (or with their accounting statements in the case of small bodies). The disclosures in the SIC are supported and evidenced by the body's assurance framework. At local authorities the SIC is known as the Annual Governance Statement and is prepared in accordance with guidance issued by CIPFA. Police authorities also produce a SIC in accordance with relevant CIPFA guidance. Local probation trusts are required to prepare a SIC in accordance with the requirements specified by HM Treasury in Managing Public Money.

NHS bodies are required to publish a statement on internal control (SIC) with their financial statements. Specific guidance on the preparation of the SIC is issued by the Department of Health. The chief executive, as accountable officer, is required to sign the SIC on behalf of the board. The disclosures in the SIC are supported and evidenced by the body's assurance framework.

Those charged with governance

Those charged with governance are defined in auditing standards as 'those persons entrusted with the supervision, control and direction of an entity'.

In local government bodies, those charged with governance, for the purpose of complying with auditing standards, are:

- for local authorities – the full Council, audit committee (where established) or any other committee with delegated responsibility for approval of the financial statements;
- for police or fire authorities – the full authority, audit committee (where established) or other committee with delegated responsibility for approval of the financial statements;
- for local probation boards and trusts – the board or audit committee; and
- for other local government bodies – the full authority or board or Council, audit committee (where established) or any other committee with delegated responsibility for approval of the financial statements.

Audit committees are not mandatory for local government bodies, other than police authorities and local probation trusts. Other bodies are expected to put in place proper arrangements to allow those charged with governance to discuss audit matters with both internal and external auditors. Auditors should satisfy themselves that these matters, and auditors' reports, are considered at the level within the audited body that they consider to be most appropriate.

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- any director/member or officer in their individual capacity; or
- any third party.



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