

Audit Progress Report

March 2011

Hampshire County Council
2010/11 Audit

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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.
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2010/11 Audit Plan

Table 1 Position against 2010/11 audit plan

| Report | AC key contact | Council contact | Expected date of final report | Recipient body committee | Date reported to audit committee | Comment |
|---------------------------------------|----------------|------------------|-------------------------------|--------------------------|----------------------------------|-------------|
| Audit fee letter | Hassan Rohimun | Chief Executive | April 2010 | Audit Committee | March 2010 | Agreed |
| Pension fund fee letter | Hassan Rohimun | Chief Executive | April 2010 | Audit Committee | June 2010 | Agreed |
| Council - Detailed Plan | Hassan Rohimun | County Treasurer | March 2011 | Audit Committee | March 2011 | |
| Pension Fund - Detailed Plan | Hassan Rohimun | County Treasurer | March 2011 | Audit Committee | March 2011 | |
| Pre-statements audit memorandum | Hassan Rohimun | County Treasurer | March 2011 | Report to officers | | Not yet due |
| Annual Governance Report (s) (ISA260) | Kate Handy | County Treasurer | September 2011 | Audit Committee | | Not yet due |
| County - Accounts opinion | Kate Handy | County Treasurer | September 2011 | Audit Committee | | Not yet due |

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|---|----------------|------------------|-------------------------------|--------------------------|----------------------------------|-------------|
| Pension Fund - Accounts opinion | Kate Handy | County Treasurer | September 2011 | Audit Committee | | Not yet due |
| Final Accounts memorandum | Hassan Rohimun | County Treasurer | November 2011 | Audit Committee | | Not yet due |
| VFM conclusion - Financial year 2010/11 | Kate Handy | County Treasurer | September 2011 | Audit Committee | | Not yet due |
| Annual Audit Letter 2010/11 | Kate Handy | Chief Executive | December 2011 | Audit Committee | | Not yet due |

Appendix 1 – 2009/10 Certification of claims and annual returns

Background

- 1 The Council claims £98 million for specific activities from grant paying departments that are subject to audit. It is important that this process is properly managed, in particular this means:
 - an adequate control environment over each claim and return; and
 - ensuring that the Council can evidence that it has met the conditions attached to each claim.
- 2 I am required by section 28 of the Audit Commission Act 1998 to certify some claims and returns for grants or subsidies paid by the government departments and public bodies to Hampshire County Council. I charge a fee to cover the full cost of certifying claims.
- 3 The Council is responsible for compiling grant claims and returns in accordance with the requirements and timescale set by the grant paying departments.

The key features of the current arrangements are as follows.

- Commission does not make certification arrangements for returns below £100,000
- Between £100,000 and £500,000, auditors undertake limited tests to agree form entries to underlying records, but do not undertake any testing of eligibility of expenditure.
- Over £500,000 auditors assess the control environment for the preparation of the claim. Where reliance is placed on the control environment, auditors undertake limited tests to agree from entries to underlying records but do not undertake any testing of the eligibility of expenditure or data. Where reliance cannot be placed on the control environment, auditors undertake all of the tests in the certification instruction. This means that the audit fees for certification work are reduced if the control environment is strong.
- For claims spanning more than one year, the financial limits above relate to the amount claimed over the entire life of the claim and testing is applied accordingly.

Appendix 1 – 2009/10 Certification of claims and annual returns

Findings

- 4 In 2009/10, we certified 2 claims (see table 1). We were able to fully certify all claims, and no qualification letters to the grant-paying bodies were required.

Table 2 Claims and returns over £500,000

| Claim | Value £m | Adequate control environment | Amended | Qualification letter |
|--------------------|----------|------------------------------|---------|----------------------|
| Teachers Pensions | £67m | Yes | No | No |
| General Sure Start | £31m | Yes | Yes | No |

- 5 We amended one claim, the General Sure Start grant.
- The claim included an entry which was based on a year end estimate as at the 31 March 2010. The actual expenditure incurred was £127,120 less than the estimated figure.
- 6 The Council should ensure actual expenditure is used in the compilation of the claim.

Certification fees

- 7 The fees charged for 2009/10 grant certification work are set out in Table 2.

Table 3 Certification Fees

| Claim | 2008/09 Fee £ | 2009/10 Fee £ |
|---------------------------------------|------------------|------------------|
| General Sure Start | 4,641 | 3,984 |
| Teachers Pensions | 5,150 | 2,338 |
| Local Transport Plan - Major Projects | 1,563 | N/A |
| Total | £11,354 | £6,322 |

The Audit Commission

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.

Copies of this report

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