

Audit Progress Report

March 2010

Hampshire County Council
2009/10 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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2009/10 Audit Plan

Table 1 Position against 2009/10 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 and outline audit plan 2009/10	Alastair Rankine	Governance Committee	April 2009	Governance Committee	April 2009	Agreed
Financial statements						
Pre-statements audit memorandum	Hassan Rohimun	Nick Gibbins	May 2010	Report to officers		Not yet due
Annual Governance Report (s) (ISA260)	Kate Handy	Audit Committee	September 2010	Audit Committee		Not yet due
County - Accounts opinion	Kate Handy	Audit Committee	September 2010	Audit Committee		Not yet due
Pension Fund - Accounts opinion	Kate Handy	Audit Committee	September 2010	Audit Committee		Not yet due
Final Accounts memorandum	Hassan Rohimun	Nick Gibbins	October 2010	Audit Committee		Not yet due

Report	AC key contact	Council contact	Expected date of final report	Recipient body committee	Date reported to audit committee	Comment
Use of resources						
Use of Resources - Financial year 2009/10	Hassan Rohimun / Charlotte Smith	Gary Smith/ Jon Pittam	November 2010	Cabinet		Not yet due
VFM conclusion - Financial year 2009/10	Kate Handy	Audit Committee	September 2010	Audit Committee		Not yet due
Review of the Council's responsiveness to challenge	Hassan Rohimun / Steve Haworth	Gary Smith	Not applicable	Not applicable		Following our 2009 Use of Resources assessment we have concluded that the risk previously identified in our 2009/10 audit plan is no longer relevant. As such this review will not be undertaken under our code of audit responsibilities.
Annual Audit Letter 2010	Kate Handy	Cabinet	December 2010	Cabinet		Not yet due

Appendix 1 – 2008/09 Certification of claims and annual returns

Background

- 1 The Council claims £104 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 – 2008/09 Certification of claims and annual returns

Findings

- 4 In 2008/09, we certified 3 claims (see table 1) all of which required a full review. 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	£71m	Yes	No	No
General Sure Start	£32m	No	Yes	No
Local Transport Plan - Major Projects	£1m	Yes	No	No

- 5 We amended one claim, the General Sure Start grant and reported the following areas for improvement to officers:
- Capital and revenue working papers did not agree to entries in the claim;
 - The audit trail supporting claim entries was unclear;
 - Main revenue grant was under claimed by £4,641; and
 - Capital expenditure of £31,024 had not been entered onto a capital code in the SAP general ledger
- 6 We recommended that the working papers supporting the claim should provide a clear audit trail between the entries in the claim and the supporting financial records.

Certification fees

- 7 The fees charged for 2008/09 grant certification work are set out in Table 2.

Table 3 Certification Fees

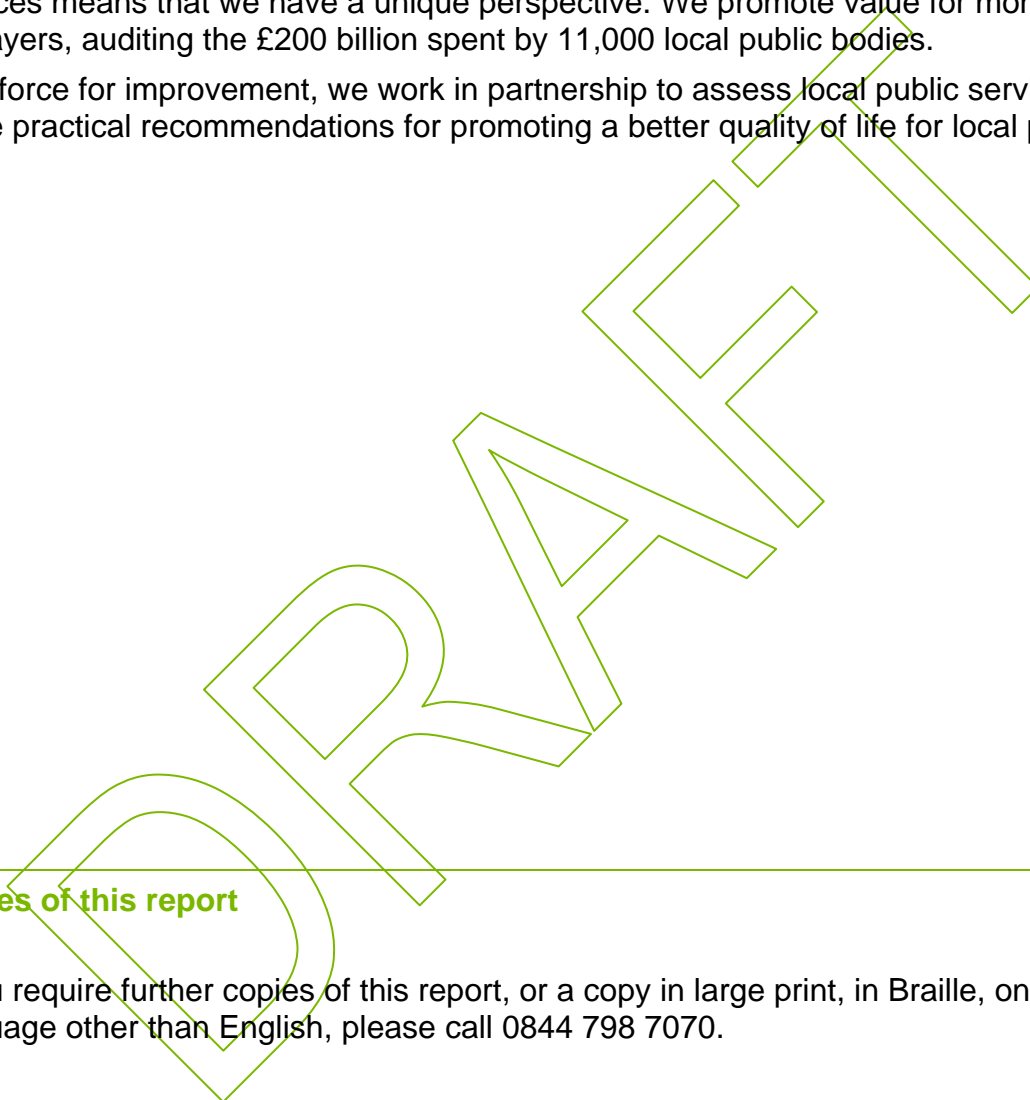
Claim	2007/08 Fee £	2008/09 Fee £
General Sure Start	3,953	4,641
Teachers Pensions	5,180	5,150
Local Transport Plan - Major Projects	2,555	1,563
Total	£11,688	£11,354

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.



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