

External Audit Progress Update – 2013/14 Audit

Prepared for Aberdeen City Council Audit, Risk and Scrutiny Committee
November 2014

Purpose of this report

1. This report aims to provide an update of progress with the external audit of the 2013/14 financial year. The intention is to provide the Audit, Risk and Scrutiny Committee with an update at each meeting. Our roles and responsibilities were set out in our 2013/14 annual audit plan which was considered by the Committee in February 2014. A significant element of our work relates to gathering the assurances required to support our opinion on the council's financial statements.

Summary of planned audit work for 2013/14

2. . For 2013/14, our planned work includes:
 - an audit of the financial statements and provision of an opinion on whether:
 - they give a true and fair view of the financial position of Aberdeen City Council as at 31 March 2014 and its income and expenditure for the year then ended
 - the accounts have been properly prepared in accordance with the Local Government (Scotland) Act 1973 and the 2013 Code of Practice on Local Authority Accounting in the United Kingdom (the Code)
 - an audit of the financial statements and provision of an opinion for the charitable trusts where the local authority is the sole trustee
 - reporting the findings of the shared risk assessment process in an Assurance and Improvement Plan Update. This will consist of the Local Area Network (LAN) examining new evidence in terms of its impact on existing risk assessments and will include updated scrutiny plans for the period 2014/15 - 2016/17 for the council

- a review and assessment of Aberdeen City Council's governance and performance arrangements in a number of key areas including a review of: internal controls; the adequacy of internal audit; Statutory Performance Indicators; national study follow-up work; and a review of the ICT environment
 - provision of an opinion on a number of grant claims and returns, including Whole of Government Accounts
 - targeted follow up of selected national studies
 - review of National Fraud Initiative arrangements
3. In agreeing our fee for the audit with the Head of Finance, we agreed to deliver the following outputs in relation to the 2013/14 audit. A number of the outputs are delivered around the conclusion of the audit of the financial statements in September. A summary of progress against our plans is set out below.

Progress of 2013/14 audit work

Planned outputs /Related activity	Planned issue date	Actual issue date	Complete	Comments
Governance				
Annual Audit Plan including agreement of our fee for the audit	31 March 2014	28 February 2014	Yes	Considered by Audit and Risk Committee on 27 February 2014
Assurance and Improvement Plan Update	30 April 2014	3 June 2014	Yes	Considered by Audit and Risk Committee on 26 June 2014
Interim report on 2013/14 audit – covers internal controls and a follow up of 2012/13 Interim Action Plan	30 June 2014	17 June 2014	Yes	Considered by Audit and Risk Committee on 26 June 2014

Planned outputs /Related activity	Planned issue date	Actual issue date	Complete	Comments
Performance				
Targeted Follow-up: Arms Length External Organisations: Are you getting it right?	31 May 2014	31 May 2014	Yes	Considered by Audit and Risk Committee on 26 June 2014
Local impact returns submitted to Audit Scotland: <ul style="list-style-type: none"> National Fraud Initiative Arrangements Health Inequalities in Scotland 	31 January 2014 31 March 2014	24 January 2014 24 March 2014	Yes	Follow up questionnaires by Audit Scotland's national study team which sought feedback on the council's response to national reports. Relevant findings were included in our interim report considered by Audit and Risk committee on 26 June 2014.
Financial statements				
Report to Audit & Risk Committee in terms of ISA 260 (Communication of audit matters to those charged with governance)	23 September 2014	19 September 2014	Yes	Report considered by Audit and Risk Committee on 25 September 2014
Independent auditor's report on the financial statements	By 30 September 2014	30 September 2014	Yes	The proposed audit opinion forms part of the ISA 260 Report above. Audited accounts were signed on 30 September 2014 and submitted to Audit Scotland, Edinburgh.
Annual report to Members and the Controller of Audit	31 October 2014	11 November 2014	Yes	Due to staff absence in my team, the Audit Scotland deadline for annual reports in my portfolio has been extended by a week. The Annual Report will be considered by Audit, Risk and Scrutiny Committee on 20 November 2014.

Planned outputs /Related activity	Planned issue date	Actual issue date	Complete	Comments
Audit opinion on charitable trusts	By 30 September 2014	30 September 2014	Yes	<p>The proposed audit opinion forms part of the ISA 260 Report above. Audited accounts will be signed by 30 September 2014.</p> <p>Audited accounts were signed on 30 September 2014 and submitted to Audit Scotland, Edinburgh.</p>
Audit opinion on Whole of Government Accounts (WGA)	Early October 2014	5 October 2014	Yes	<p>The audited WGA pack is submitted to the Scottish Government who transfers it to HM Treasury for upload to the system which brings together the consolidation of all UK local government accounts.</p> <p>The WGA pack is a series of spreadsheets completed by Finance using the council's group accounts and requires a detailed list of inter-public sector transactions and debtor and creditor balances to be identified which is used later in the consolidation process to eliminate corresponding balances.</p>

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Grants				
Education Maintenance Allowances	31 July 2014	31 July 2014	Yes	Claim totalling £347,575 was certified on 31 July and forwarded to the Scottish Government. No significant matters reported as a result of the audit.
Criminal Justice Services Returns	30 September 2014	30 September 2014	Yes	Claim totalling £4.3 million was certified and forwarded to Northern Criminal Justice Authority.
Housing Benefit and Council Tax Benefit Subsidy	30 November 2014		Ongoing	<p>The housing benefit subsidy claim for 2013/14 amounts to £53 million and represents the amount claimed back from the Department of Work and Pensions in respect of housing benefit paid by the council. While we verify the figures in the claim, much of our work to support the opinion on the claim relates to detailed examination of benefit case files.</p> <p>The first stage of testing 2013/14 benefit cases based on our HBCount methodology was completed in the summer. Findings and follow up work was discussed and agreed with the Revenues team.</p> <p>During November, we will be conducting the final tranche of benefit testing and</p>

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				<p>pulling together the results of all cases examined as part of our audit. Having identified a high number of errors in recent years, we have generally undertaken an extrapolation exercise in order to estimate the overall errors for each category of benefit and type of payment. The outcome of that exercise is taken into consideration when I form my opinion on the subsidy claim.</p> <p>I should know the outcome of our 2013/14 testing when the committee meets on 20 November and I can give a verbal update then if helpful.</p>
Non Domestic Rates Income return	February 2015			The NDR claim has been received for audit and will be submitted to the Scottish Government by the February 2015 deadline.

Anne MacDonald, Senior Audit Manager

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