

# Progress Report

## 2010/11 audit

**Lincolnshire County Council**

**13 June 2011**

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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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# Summary

- 1 Our interim audit work has been completed satisfactorily. This work focussed on understanding and documenting your key financial systems and testing the key controls. We have also made good progress in our work towards the value for money conclusion but there are some aspects of this work still to be completed. There are no matters arising that I need to report to you at this stage.
- 2 During the interim audit we completed most of our work on the implementation of International Financial Reporting Standards (IFRS). Some aspects of this work remain to be completed during our final accounts audit visit.
- 3 The Pension Fund audit started week commencing 23rd May and we plan to complete the majority of the work in June. The main audit of the County Council accounts is due to start on 4 July and we will complete our planning this month.

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# 2010/11 Audit

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## Interim and final accounts audits

- 4 Our interim audit work on both the County Council and the Pension Fund has been completed satisfactorily. This work focussed on understanding and documenting your key financial systems and testing the key controls.
- 5 We have discussed issues arising during both audits with officers as they arose. We have not identified any significant control weaknesses nor are there any other issues that I need to report to you at this stage.
- 6 The Pension Fund final accounts audit started week ending 27th May and we plan to complete the majority of the work in June. The main audit of the County Council accounts is due to start on 4 July and we will complete our planning this month.

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## Value for money conclusion

- 7 Auditors have a statutory responsibility to conclude on the adequacy of the Council's arrangements for securing efficiency, economy and effectiveness. We reported last time that the Commission has introduced a new, more targeted approach to local value for money (vfm) work concentrating on:
  - securing financial resilience; and
  - prioritising resources within tighter budgets.
- 8 We have made good progress in both areas towards the vfm conclusion. Our work on the audit of the 2010/11 statement of accounts will further inform our financial resilience work and the content of the annual governance statement and our work on that statement will also provide further evidence towards the overall conclusion.
- 9 The key areas of risk currently on which we will be focussing our attention are:
  - the Council's response to the challenges in adult social care. This matter has been the subject of separate reports by officers to the audit committee; and
  - we need to complete work on the Council's detailed savings plan, including adult social care. We expect this work will be completed well before the deadline for our audit opinion.

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## International financial reporting standards (IFRS)

- 10 As previously reported, the introduction of IFRS is a key risk this year and generally, good progress has been made to date.
- 11 During the interim audit we completed most of our work on the implementation of IFRS. Although some aspects of this work remain to be completed during our final accounts audit visit we do not expect this to cause any difficulties.

## 2010/11 Audit

**12** The biggest area of change is the impact of Voluntary Controlled schools which have now been brought onto the balance sheet (£60M plus land) and the inclusion of various classes of leased assets. The main issues which remain to be resolved include:

- the contract arrangements for Fire and Rescue vehicles (lease) where officers were unable to obtain the relevant documentation because of issues beyond the Council's control;
- documentation covering leasing, grants and contributions which we still need to see to support the entries in the accounts.

**13** There are no other matters arising that that I need to report to you.

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# 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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