

LONDON BOROUGH OF LEWISHAM
AUDIT PROGRESS REPORT - MARCH 2013

Work	Progress
Audit fee letters	<p>In November 2012 we issued our audit fee letter for 2012/13. The scale fee represents a 40 per cent reduction compared with the previous year. The letter is on today's agenda.</p> <p>We plan to issue our 2013/14 fee letter in April 2013.</p>
Audit Plan	<p>In January 2013 our audit team was on site to carry out planning work in preparation for our audit of your 2012/13 accounts. This work consisted of gaining an understanding of your key financial systems and processes. We also followed up progress with issues that arose in the 2011/12 audit.</p> <p>We are currently in discussion with management to resolve a small number of outstanding queries. We will document the findings of our work in our audit plan and we shall present this to the next meeting of the Audit Panel.</p>
Letter to the Chair of the Audit Panel	<p>We are required by auditing standards to gain an understanding of the role of the Audit Panel in relation to the accounts and internal control. The letter is on today's agenda, for discussion with you.</p>
Audit of accounts	<p>We plan to commence our accounts audit in July 2013 and we shall present our annual governance report to the Audit Panel in September 2013.</p> <p>We have been in regular discussion with management regarding technical accounting issues affecting the accounts. We have also been undertaking some early testing in selected areas.</p>
Grant Thornton technical accounts workshops	<p>The CIPFA Finance Advisory Network (FAN) ran its annual Accounts Closedown workshops in February and March 2013. For this year the FAN worked in partnership with Grant Thornton, so bringing together the key accounting issues and audit considerations for the 2012/13 accounts in one combined programme. The workshop was attended by delegates from the London Borough of Lewisham.</p>

<p>Value for money conclusion</p>	<p>We have also commenced our work to support the value for money conclusion. Our review is based on the criteria specified by the Audit Commission, which are that the Council has proper arrangements for:</p> <ul style="list-style-type: none"> - securing financial resilience; and - challenging how it secures economy, efficiency and effectiveness. <p>We will report our findings in our Annual Governance Report, and also in a separate report on financial resilience.</p>
<p>Grant claims</p>	<p>On today's agenda we present our report on the grant certification work undertaken by the previous audit team in 2011/12. Overall the claims preparation process showed a considerable improvement compared to the previous year.</p> <p>Certification fees for 2011/12 were significantly less than in the previous year. This was due to a reduction in the number of claims requiring certification and to an improvement in the quality of the remaining claims.</p> <p>Your 2012/13 claims require certification between September and November 2013.</p>
<p>Grant Thornton national publications – "Towards a Tipping Point"</p>	<p>In December 2012, Grant Thornton published 'Towards a tipping point?: Summary findings from our second year of financial health checks of English local authorities'.</p> <p>This financial health review considers key indicators of financial performance, financial governance, strategic financial planning and financial controls to provide a summary update on how the sector is coping with the service and financial challenges faced.</p> <p>The report provides a summary of the key issues, trends and good practice emerging from the review.</p>

<p>Grant Thornton national publications – "Improving council governance – a slow burner"</p>	<p>Councils are facing continued, intense pressure to reduce spending and implement organisational change, while maintaining services and introducing alternative delivery models. There is also an increased public demand for greater transparency in decision-making and performance.</p> <p>The second of our annual reviews into local government governance focuses on both the public face and the behind-the-scenes process of governance. Our analysis demonstrates that council annual accounts and associated documents are often not user-friendly and transparent in communicating key governance messages to the public and other stakeholders. We believe there is a compelling case for councils to produce annual reports.</p> <p>This year, survey responses suggest that funding reductions and other demands are placing increased pressure on governance systems, for example:</p> <ul style="list-style-type: none"> • 40% of senior officers and members do not believe the scrutiny function demonstrates added value • confidence has fallen in audit committee ability to respond to risk and to annually evidence the value it brings to council governance • there is concern that not all members have the skills – or profile – to help drive effective governance • at a time when councils are placing increasing reliance on external providers to deliver services 21% do not believe that roles and responsibilities are clear when working in partnership, up from 11%. <p>The report provides some practical advice on considerations that will improve the likelihood of achieving best practice in reporting to the public and in ensuring the effectiveness of the governance arrangements that support performance.</p>
<p>Other Grant Thornton national publications</p>	<p>We are happy to provide copies of our relevant publications to Audit Panel Members.</p> <p>Also, Members can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our relevant publications</p>