

WATFORD BOROUGH COUNCIL

AUDIT PROGRESS REPORT - MARCH 2012

Work	Progress
Interim Audit	We have completed our interim audit and updated our understanding of key financial systems and completed relevant walkthroughs. The results of this work feed into our Audit Approach Memorandum. Please see separate agenda item.
IT update	As part of our audit plan we agreed to follow up on the IT Strategy review undertaken in 2010/11 and provide a quarterly update to the Audit Committee on our assessment of progress. Please see separate agenda item.
District Councils – Technical Training update	<p>We presented our annual Technical Training Update for District Councils on 1 March 2012 and are pleased to note that representatives from Watford and Three Rivers shared services attended. The course covered:</p> <ul style="list-style-type: none"> • recap on IFRS implementation • accounting and reporting changes under the 2011 Code • current accounting issues including: <ul style="list-style-type: none"> ○ components ○ restructuring provisions and impairments ○ exit packages ○ accounting for joint working arrangements ○ carbon reduction accounting ○ heritage assets • proposed changes under the 2012 Code • future changes on the horizon

Audit Fee (12/13)	<p>The Audit Commission is currently consulting on its work programme and scale of fees for 2012/13. This consultation document is publically available on their website:</p> <p>http://www.audit-commission.gov.uk/SiteCollectionDocuments/Downloads/2012-13proposed-sof-lg-cs.pdf</p> <p>For 2012/13, the Commission proposes reducing audit fees for audited bodies by 10 per cent from the published 2011/12 scale fees, reflecting the Commission's continued reduction in costs.</p> <p>The current proposed fee for Watford Borough Council is £102,600. This compares to £114,000 for 2011/12.</p>
Publications	<p>In March 2012 Grant Thornton publish " High Pressure System Local Government Governance Review". A comprehensive review of Annual Governance Statements produced by Local Authorities in 2010/11. The report identifies some key strengths such as:</p> <ul style="list-style-type: none"> • over 90% of respondents said that their council had effective and embedded risk management arrangements • 89% of those surveyed said that officers and members were clear on respective roles and responsibilities when the council works in partnership • 92% of senior officers and members said that their council had put in place effective additional Bribery Act and anti-fraud controls to manage increasing fraud <p>However our review identified scope for improvement in areas such as:</p> <ul style="list-style-type: none"> • the annual review of governance is often seen as a 'tick the box' exercise rather than a genuine effort to achieve best practice • the membership and focus for Audit and Scrutiny committees will be key to their future effectiveness as the agenda becomes more challenging • Very few councils are achieving more than basic compliance with their explanatory forewords, suggesting that they should be fundamentally reviewed from a user perspective