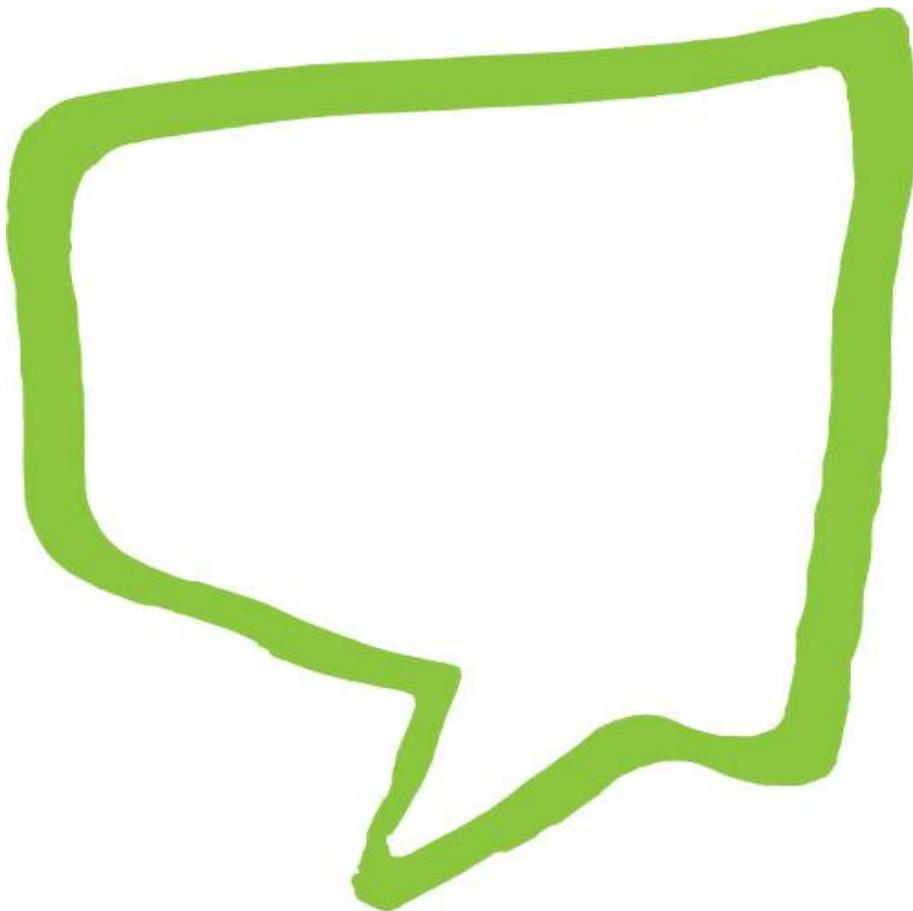


Audit Plan

Anglia Revenues and Benefits Partnership Joint
Committee

Audit 2008/09

December 2009



Contents

Introduction	3
Identifying opinion audit risks	4
Testing strategy	6
Value for money conclusion	7
Key milestones and audit fee	8
Audit contact details	9

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.
-

Introduction

- 1 We are required to issue an annual audit plan to the Anglia Revenues and Benefits Partnership Joint Committee (the Partnership), which sets out the work that we propose to undertake in order to satisfy our responsibilities under the Audit Commission's Code of Audit Practice.
- 2 We are required by professional auditing standards to specify the detailed risks that we need to consider as part of our opinion planning work. We are also required to:
 - identify the risk of material misstatements in your financial statements;
 - plan audit procedures to address these risks; and
 - ensure that the audit complies with all relevant auditing standards.
- 3 We have therefore set out below our approach to identifying opinion audit risks and have considered any additional risks that are appropriate to the current opinion audit.
- 4 Additionally we are required to provide a conclusion on your arrangements for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion). The auditor's value for money conclusion is informed by reference to 'relevant criteria' covering specific aspects of audited bodies' arrangements.

Identifying opinion audit risks

Organisation level risks

- 5 As part of our audit risk identification process we need to fully understand the audited body to identify any risk of material misstatement (whether due to fraud or error) in the financial statements. We do this by:
- establishing the nature of the Partnership's activities;
 - identifying the business risks facing the Partnership, including assessing your own risk management arrangements; and
 - assessing internal control - including reviewing the control environment, the IT control environment and internal audit.

Information system risks

- 6 To comply with ISA (UK&I) 315 we need to assess the risk of material misstatement arising from the activities and controls within the Partnership's information systems. To be able to assess these risks we need to identify and understand the material systems and document that understanding.
- 7 Material systems are those which produce material figures in the annual financial statements. We have identified that the Partnership has five material systems provided by Breckland Council and Forest Heath District Council. For these systems we need to demonstrate our understanding by documenting the following:
- How transactions are initiated, recorded, processed and reported in the financial statements.
 - The accounting records relevant to the transactions.
 - How the Partnership identifies and captures events and conditions which are material to the financial statements.
 - The financial reporting process used to prepare the financial statements.
- 8 Where possible, we will seek to rely on the work that we have undertaken on material systems at Breckland Council and Forest Heath District Council.

Assertions

- 9 When considering the risk of material misstatement we consider what the Treasurer is stating when the financial statements are signed. An audited body's management is responsible for the preparation and presentation of financial statements which give a true and fair view of the nature and activity of the audited body for the period.

Identifying opinion audit risks

- 10 In doing so, management are making statements regarding the recognition, measurement, presentation and disclosures of various elements of the financial statements and related disclosures.
- 11 These representations from management are referred to as assertions about financial statements in ISA (UK&I) 500. The ISA states that we have to ascertain that the financial statements are free from material misstatement at the assertion level. The ISA splits out the assertions and considers their applicability in respect of:
- Income and Expenditure Account items;
 - Balance Sheet items; and
 - Disclosures and presentational elements of the financial statements.
- 12 Table 1 details the relevant assertions for these three categorisations, showing which assertions we need to consider by area of the financial statements.

Table 1 Assertions over the areas in the financial statements

Assertion	Relevant to Income & Expenditure items	Relevant to Balance Sheet items	Relevant to Disclosure
Accuracy (is it recorded at the right amount and are the details right?)	Yes		Yes
Classification (is it in the right place in the accounts?)	Yes		Yes
Completeness (is it all there?)	Yes	Yes	Yes
Cut Off (is it in the right year?)	Yes		
Existence (is it real, does it exist?)		Yes	
Occurrence (has it happened?)	Yes		Yes
Rights & Obligations (does it belong to the Committee? Are they entitled to it?)		Yes	Yes
Valuation & Allocation (is it worth it?)		Yes	Yes

Testing strategy

- 13 On the basis of risks identified above we will produce a testing strategy which will consist of testing key controls and/or substantive tests of transaction streams and material account balances at the year end.
- 14 Our testing can be carried out both before and after the draft financial statements have been produced (pre- and post-statement testing).

Value for money conclusion

- 15 The introduction of the new Comprehensive Area Assessment (CAA) framework from 2009 has prompted the Audit Commission to review the value for money conclusion criteria for all audited bodies. As a result, the previous criteria are being replaced by the set of key lines of enquiry (KLOE).
- 16 From 2008/09 the KLOE for the use of resources assessment will therefore form the set of criteria for other local government bodies, including the Anglia Revenues and Benefits Partnership Joint Committee. Auditors are required to apply a 'yes/no' judgement against the criteria to indicate whether the audited body has proper arrangements in place or not.
- 17 Auditors of other local government bodies will apply a proportionate approach to arrive at their value for money conclusion, in accordance with the relevant guidance. The guidance includes the characteristics of performance that auditors might expect to see to give a 'yes' judgement.
- 18 In 2008/09 the four specified KLOE which will inform the value for money conclusion are set out in Table 2.

Table 2 2008/09 specified KLOE

KLOE	Headline question
<i>Managing finances</i>	
1.2 Understanding costs and achieving efficiencies	Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?
1.3 Financial reporting	Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?
<i>Governing the business</i>	
2.3 Good governance	Does the organisation promote and demonstrate the principles and values of good governance?
2.4 Risk management and internal control	Does the organisation manage its risks and maintain a sound system of internal control?

Code of Audit Practice - VFM Conclusion Criteria (Audit Commission) for other local government bodies

Key milestones and audit fee

- 19 The Partnership is required to prepare the financial statements by 30 June 2009. The key stages in the process of producing and auditing the financial statements are shown in Table 3.
- 20 We will meet with the Partnership's key contact on a regular basis and review the status of all queries.

Table 3 **Key milestones**

Task	Deadline
Planning of the audit	October 2009
Audit work	October 2009 to November 2010
Present report to those charged with governance	March 2010
Issue of opinion and value for money conclusion	By 31 March 2010
Audited financial statements submitted	By 31 March 2010

- 21 In order to undertake the required work, based on an assessment of the relevant risks, the planned audit fee for 2008/09 is £15,500 (£14,900 in 2007/08).

Audit contact details

22 The key members of the audit team for the 2008/09 audit are shown in the table below.

Table 4 **Audit contacts**

Name and contact details	Responsibilities
Rob Murray District Auditor r-murray@audit-commission.gov.uk 0844 798 5777	Responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and value for money conclusion.
Robert Davies Senior Audit Manager r-davies@audit-commission.gov.uk 0844 798 3028	Manages and co-ordinates the different elements of the audit work. Key point of contact for the Treasurer.

23 We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact Rob Murray in the first instance. Alternatively, you may wish to contact the sub regional Head of Operations, Andy Perrin.

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.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2009

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

www.audit-commission.gov.uk
