
EXCERPT FROM THE MINUTES OF THE AUDIT COMMITTEE HELD ON 13 JANUARY 2012

AUC.09/12 AUDIT PLAN 2011/12

The District Auditor presented the Audit Plan setting out the audit work the Audit Commission proposed to undertake for the 2011/12 audit. The Plan was based on the Audit Commission's risk-based approach to audit planning.

She outlined the background to the matter and requirement to comply with the statutory requirements governing her audit work, in particular:

- The Audit Commission Act 1998; and
- The Code of Audit Practice for local government bodies

The audit did not, however, relieve management or the Audit Committee, as those charged with governance, of their responsibilities.

The District Auditor set out for Members the Commission's approach to identifying audit risks and had considered the additional risks relevant to the current audit of the accounting statements, details of which were provided. A key issue was the requirement for the Council to account for heritage assets in accordance with FRS 30 and the Code. She would also focus on the Council's planned programme of investment properties revaluations for 2011/12 and progress on ensuring the Council's Whole of Government Accounts return reflected the main financial statements.

The District Auditor added that she was required to give a statutory value for money conclusion on the Council's arrangements to secure economy, efficiency and effectiveness. The conclusion this year would be based on two criteria, specified by the Commission. She had considered the risks relevant to her value for money conclusion, details of which were set out on page 8 (Table 3) of the Plan.

In response to questions, the District Auditor said that the first issue was the identification of all heritage assets which work was ongoing. Thereafter valuation would be required. The issue would form a key part of the annual workshop for Chief Accountants' on 31 January 2012.

The Audit Manager (Audit Commission) further advised that many heritage assets were valued on an insurance basis. The Council may, however, wish to obtain fair valuations of certain specific assets and that would form part of the work referred to. He added that the earlier that work commenced the better.

In discussion, the Chairman and Members commented upon their concern to ensure that Carlisle had a vibrant City Centre and that they were aware of the sensitivities around the Lanes rental income.

The Town Clerk and Chief Executive pointed out that although the Council invested in the Lanes it did not manage the Centre.

In conclusion, the Audit Manager (Audit Commission) referred to the requirement for the Council to ensure that the value of its investment properties reflected market conditions at the balance sheet date. A number of assets (with a value of over £81 m) had not been re-valued since 31 March 2009, and although that was in line with the Code of Practice, which required five yearly valuations, the Council needed to be clear that a good assessment of the value of those buildings was in place.

RESOLVED – (1) That the Audit Plan for 2011/12 be noted.

(2) That the Audit Committee wished to draw the Executive's attention to the considerable amount of work required to ensure that the Council had accounted for heritage assets in accordance with FRS 30 Heritage Assets.