

Audit Protocol

West Yorkshire Fire and Rescue Authority

Audit 2005-2006

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports to the Authority

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 members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any member or officer in their individual capacity; or
- any third party.

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 0845 056 0566.

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Introduction

- 1 This document sets out how the Audit Commission (AC) and West Yorkshire Fire and Rescue Service intend to adopt joint working arrangements in order to improve the overall management of the Authority, and the efficiency of the external audit.
- 2 Recent changes in legislative requirements of local authorities. For example, the Whole of Government Accounts and the Statement of Internal Control have prompted the need for this audit protocol, which aims to bring together all existing protocols with the Authority into one document. Close working relationships have enabled its development, which aims to provide clarity over our respective roles and duties, and how we both intend to carry them out.
- 3 The protocol builds on the AC's managed audit principles and makes reference to the various specific protocols that already exist. It reflects the new Code of Audit Practice (The Code), effective from 1 April 2005, and the AC's Statement of Responsibilities in respect of grants or returns which was first published in 2002 and revised in April 2004.
- 4 The remainder of this document addresses:
 - our role and responsibilities as external auditor;
 - West Yorkshire Fire and Rescue Service's responsibilities as audited and inspected body;
 - principles and accountability;
 - delivery of outputs from external audit;
 - reporting arrangements;
 - a series of appendices of existing protocols covering:
 - the opinion;
 - grants;
 - BVPIs;
 - working with Internal Audit; and
 - legal/technical issues.

Audit Commission's role and responsibilities

- 5 External Auditors in the public sector give an independent opinion on public bodies financial statements and may review, and report on, aspects of the arrangements in place by public bodies to ensure the proper conduct of their financial affairs and to manage their performance and use of resources.
- 6 The Code prescribes the approach we, as your external auditors, are required to follow in carrying out our audits. It also requires us to give an independent assessment in the key areas, which are discussed below.

- 7 The external auditor's objectives are to review and report on, to the extent required by the relevant legislation and the requirements of the Code, the following areas.

The financial statements

- 8 Including a requirement to:
- audit the financial statements and to give our opinion; and
 - review and report on the Statement of Internal Financial Control.

The use of resources – performance management

- 9 Including a review of:
- strategic and operational planning;
 - policy decision-making;
 - meeting user and taxpayer needs and engaging with the wider community;
 - internal control;
 - risk management;
 - duty of best value (where applicable); and
 - performance monitoring and data quality.

The use of resources – financial management

- 10 Including a review of:
- strategic financial planning;
 - internal financial control;
 - financial reporting; and
 - standards for conduct, prevention and detection of fraud and corruption.

Grant claims and returns

- 11 AC also have a responsibility for:
- certification of grant claims and other returns;
 - ad hoc requests for auditor's views;
 - special powers and duties; and
 - Public Interest Disclosure Act.

Audit approach

- 12 Our audit approach is structured to ensure it meets both AC's and West Yorkshire Fire and Rescue Service's requirements by:
 - satisfying the requirements of the Code; and
 - carefully tailoring the audit to the relevant local needs of the audited body.
- 13 A key feature of this approach is the planning of all our work and working closely with officers to identify all relevant audit risks that we need to take into account.
- 14 The AC's good practice guidance on the 'managed audit' seeks to place reliance on the audited body's internal processes wherever possible. This can only be achieved through effective joint working between West Yorkshire Fire and Rescue Service and ourselves in each of the areas covered by the Code. In particular, we will assess the adequacy of the Authority's internal financial controls, including the Internal Audit (IA) function and, where necessary, carry out additional work where those arrangements are considered inadequate.
- 15 Our audit plans are produced on the assumption that the 'managed audit' arrangements as described in this and other specific protocols are met. Where this is not the case, there will be scope to re-negotiate the audit fee, taking into account relevant issues that may have arisen.
- 16 We will endeavour to use audit staff with appropriate skills and experience to suit the individual parts of the audit at Kirklees, whilst at the same time attempt to provide an element of continuity in staffing arrangements. However, in order to enable the appropriate development of our staff, there may be occasions where continuity is not always possible. At the time of producing this protocol, the audit team most likely to work on the audit of Kirklees is listed at Appendix 1.

West Yorkshire Fire and Rescue Authority's responsibilities

- 17 The Code states that:
 - '...public bodies and their management (both members and officers) are responsible for putting in place proper arrangements for the governance of their affairs and the stewardship of the resources at their disposal...'
 - '...Auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards...'
- 18 We take this, therefore, as our starting point in distinguishing between the duties of ourselves and the responsibilities of West Yorkshire Fire and Rescue Service (the audited body). We set out below the responsibilities of West Yorkshire Fire and Rescue Service under the Code, key documents relevant to those responsibilities and the relevant responsible officers for each audit objective, previously outlined in paragraph 7.

General arrangements

- 19 West Yorkshire Fire and Rescue Service will make available to the us up-to-date versions of all the documents (relevant to the audit year and proposed amendments) including the following.
- Full authority timetables, agendas and minutes.
 - Membership of the full authority, including chairs, deputy chairs, spokespersons etc.
 - Minutes of Executive Management Group (EMG).
 - Agendas and minutes from the Finance and Best Value Committee, Personnel and Training Committee, Executive Committee, Standards Committee and Regional Management Board.
- 20 West Yorkshire Fire and Rescue Service should notify us, as soon as possible, of any matter relevant to the above which may lead to formal action by ourselves.

The financial statements

- 21 West Yorkshire Fire and Rescue Service will provide the documents and agree with us a timetable for the closure of accounts including inspection by the public, availability of accounts and working papers for the audit.

| Audited body responsibility | Key documents | Responsibility |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Put in place systems of internal control to ensure the regularity and lawfulness of transactions. Maintain proper accounting records. Prepare financial statements that present fairly (or, for local probation boards, give a true and fair view of) the financial position of the body and its expenditure and income. | Annual Accounts Letter of Representation Financial systems control manuals Reconciliations of key accounts (incl. bank) Close-down timetable and procedures S151 Officer reports | S151 Officer |

| Audited body responsibility | Key documents | Responsibility |
|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| Prepare and publish a Statement on Internal Control (see also paragraph 16 below). | Code of Governance Risk management protocol Response to CIPFA/SOLACE Code of Corporate Governance Response to CIPFA Code of Practice for IA IA Charter, Strategic and Annual plan, manual and reports Overall management arrangements including performance management Financial Regulations - budgetary control | Chief Executive Officer (CEO) S151 Officer Monitoring Officer (MO) |

- 22 We have developed a final accounts working paper requirement checklist which will assist West Yorkshire Fire and Rescue Service with the preparation for the audit of the financial statements, and this is attached at Appendix 2. This sets out some of the key requirements for each item of account, and may not be fully comprehensive. New/revised working paper requirements for the statement of accounts are to be agreed on an annual basis.

Use of resources – performance management and financial management

- 23 West Yorkshire Fire and Rescue Service should put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The Authority should ensure proper stewardship and governance, and regularly review the adequacy and effectiveness of them. Such arrangements form a key part of the system of internal control and comprise the items in the following table.

| Audited body responsibility | Key documents | Responsibility |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| <p>Establishment and monitoring of the achievement of strategic and operational objectives</p> <p>Policy and decision-making processes</p> <p>Arrangements to ensure that services meet the needs of users and taxpayers and for engaging with the wider community</p> <p>Arrangements to ensure compliance with established policies, procedures, laws and regulations</p> <p>Identification, evaluation and management of operational and financial risks and opportunities, including those arising from involvement in partnerships and joint working</p> <p>Where applicable, arrangements to ensure compliance with the general duty of best value</p> <p>the arrangements for the management of financial and other resources, including systems of internal financial control, and arrangements for the reporting of financial information</p> <p>Framework for performance management, including arrangements to ensure data quality</p> | <p>Corporate Plan</p> <p>Community Plan</p> <p>Service/business plans</p> <p>Medium-term financial plan (revenue/capital)</p> <p>Consultation strategy</p> <p>Competition strategy</p> <p>Procurement strategy</p> <p>Protocols for joint funding, commissioning</p> <p>Asset strategy</p> <p>IS/IT strategy</p> <p>Human Resource strategy</p> <p>Partnership framework</p> <p>Risk management policies</p> <p>Internal procedures governing the MO, HoPS and the S151 Officer Code</p> <p>Financial Regulations and Standing Orders</p> <p>Schemes of delegation</p> <p>Formal reports/action by MO/HoPS/S151 Officer</p> <p>Ombudsman reports</p> <p>Annual Budget</p> <p>Monitoring reports</p> <p>Annual accounts</p> <p>Medium-term financial plans</p> <p>Personnel policies - appointment, dismissal, competency, succession planning, performance management/development system, IIP accreditation</p> <p>Inspectorate(s) reports</p> <p>Annual BVPP/review programme</p> <p>Best Value PIs, other PIs</p> | <p>CEO</p> <p>S151 Officer</p> <p>MO</p> <p>Corporate Best Value Officer</p> |

| Audited body responsibility | Key documents | Responsibility |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| <p>Arrangements to ensure that the audited body's affairs are managed in accordance with proper standards of financial conduct, and to prevent and detect fraud and corruption.</p> | <p>PM system manual Corporate monitoring arrangements and reports BV/PM training strategy BV Inspectorate reports Council/Committees etc. schedule and membership Code of Governance Codes of conduct for members and officers Risk management protocol Response to CIPFA/SOLACE Code of CG Response to CIPFA Code of Practice for IA IA Charter, Strategic and Annual plan and manual Overall management arrangements including performance management Procedure documents Audit committee TOR and minutes Anti-fraud and corruption strategy (incl. Whistle blowing code) Standards Committee TOR Training for members and officers Internal and external reports re: allegations and breaches of Codes etc Complaints procedures</p> | |

- 24 The Authority is responsible for reporting on the above arrangements as part of its annual Statement on Internal Control.

Grant claims and returns

- 25 The Authority will agree with us a timetable for the certification of claims and returns taking account of the deadlines for returning the claims to the appropriate government department/grant paying body and for auditor certification.
- 26 Providing that grant claims and returns are submitted in line with the due date for submission, as per the claim/return requirements or any agreed grant claim protocol, along with suitable working papers, we will endeavour to complete the audit of such, and provide the audit certificate within three months.

| Audited body responsibility | Key documents | Responsibility |
|------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Proper arrangements for: completion accuracy meeting deadlines for submission and auditor certification | AC Certification Instructions to auditors Council grant manual/ co-ordination arrangements Timetable and joint arrangements for auditor certification IA Plan and qualification letters | S151 Officer |

Ad hoc requests for auditor's views

- 27 The respective responsibilities, as covered by the code, are outlined below.

| Audited body | External auditor |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| All requests for formal audit views on legality, accounting treatment or value for money should be made, in writing, from the appropriate statutory officer (MO, S151 Officer, and HoPS). | The Auditor will respond constructively to the request without prejudice |

Special powers and duties

28 The respective responsibilities, as covered by the code, are outlined below.

| Audited body | External auditor |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>On being notified of a proposed use of audit powers the audited body will facilitate such arrangements as necessary (including access to documents and personnel etc).</p> | <p>Any proposed exercise of powers under Schedule I of the code will be communicated as soon as possible to the appropriate statutory officer (MO, S151 Officer, CEO) and appropriate arrangements made for:</p> <ul style="list-style-type: none"> • liaison between auditor and authority; • additional audit fee; and • reporting. |

Public Interest Disclosure Act

29 The respective responsibilities, as covered by the code, are outlined below.

| Audited body | External auditor |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <p>On being notified of a proposed investigation the audited body will facilitate such arrangements as necessary (including access to documents and personnel etc). Any allegations made directly to the Authority will be copied to the external auditor.</p> | <p>The external auditor will carry out any investigation under the auspices of the AC.</p> |

Principles and accountability

- 30** We will carry out the audit efficiently and effectively, and in as timely a way as possible. In doing so, it is necessary for the Authority to respond to audit requests in a similar manner. With the co-operation of the audited body, we will:
- plan and perform our audit, following an assessment of audit risks, determining where to efficiently and appropriately direct our work and to allocate resources. We will obtain such information and explanations as we consider necessary to provide ourselves with sufficient evidence to meet our responsibilities under statute and the Code. We are not expected to review or perform detailed tests of all financial or other systems and processes or of all accounting procedures and transactions;
 - have regard to the principle that each part of the audit needs to be viewed in the context of the whole, or integrated, audit. No one part stands alone and work in relation to one element of the audit informs work in relation to other elements;
 - have regard to the fact that local government bodies operate and deliver their services in a range of partnerships or other forms of joint working arrangements with other public sector, voluntary or private sector bodies. We will therefore consider whether they need to follow public money into and across such partnerships and joint working arrangements;
 - discuss with the Authority the need for timely and effective production of working papers and other information required for audit so that the audit process can be carried out as efficiently and effectively as possible;
 - establish effective co-ordination arrangements with IA. We will seek to place the maximum amount of reliance on the work of IA whenever possible;
 - co-operate with other external auditors and the AC, and provide information to the AC (both locally and nationally), to enable knowledge of good practice to be transferred effectively across local government and from one audited body to another;
 - have regard to the wider system of regulation of local government bodies, and establish effective co-ordination arrangements with the AC and other statutory inspectorates to minimise the burden of regulation on audited bodies, so far as is consistent with the discharge of auditors' responsibilities, and to make best use of overall audit and inspection resources; and
 - adopt a constructive and positive approach wherever possible, and thereby support and encourage worthwhile change, while providing independent scrutiny and assurance, and fulfilling their statutory and professional responsibilities.
- 31** We will exercise our professional judgement and act independently of both the AC and the Authority.

- 32 We will take all reasonable steps to ensure that we comply with relevant statutory and other requirements relating to the holding and disclosure of information received or obtained during the audit.

Delivery of outputs from external audit

- 33 The Annual Audit and Inspection Plan details the expected output from the audit each year. Copies of all final audit reports and letters will be issued to relevant officers, as detailed in the Plan itself, who will distribute within the Authority as appropriate.
- 34 As previously mentioned in paragraph 15, where it becomes evident that expected audit outputs are likely to be delayed, whether it be due to problems in respect of either the Authority or ourselves, then there will be scope to re-negotiate the audit fee from the one originally agreed in the audit plan. Alternatively, we will continue to perform agreed work, but there may be no guarantee as to when this will occur. It is therefore very important that the Authority consistently meets agreed timescales and working paper requirements, to avoid incurring additional costs. Where the Authority fulfils its responsibilities in this area, we will endeavour to provide audit outputs in line with the audit plan.
- 35 We will continue to report to the Chief Executive and the Director of Finance on the progress of the audit on a timely basis using our Audit Progress Report. A copy of this is attached at Appendix 3, it shows:
- the individual areas of the audit that we agreed to deliver in the audit plan;
 - audit progress to date; and
 - reasons for any deviations from the agreed audit plan.

Reporting arrangements

- 36 We will maintain regular communications with audited bodies and ensure that emerging findings are discussed with audited bodies at the level within the audited body which we consider to be most appropriate and on a timely basis.
- 37 All outputs from the audit will be issued promptly at the appropriate point in the audit process. We will report to the audited body, in such a way as to enable its members or officers to understand the nature and scope of the audit work, any matters of substance or significant issues arising from our work, our clear conclusions and judgements on these issues, and the nature and grounds for any concerns we have, indicating any action that needs to be taken by the audited body to secure improvement.

- 38 Recommendations, arising from our work in relation to audited bodies' arrangements for securing economy, efficiency and effectiveness in the use of resources, will:
- be specific about what action the audited body should consider taking;
 - be useful, practicable and based on an assessment of the benefits to the audited body of implementing them; and
 - take account of the costs of implementation and, where these are likely to be significant, report them.

The way forward

- 39 We believe we have very good working relationships with the audited body's Management Team, Senior Officers, Internal Audit and Accountants. This is evidenced by the variety of joint working arrangements which have existed and which continue to be developed. Only where such arrangements exist can we provide an audit that makes best use of the available audit resources. We will continue to play our part in this process and to promote innovative new ideas for further enhancing these joint working arrangements. We have agreed therefore to keep this protocol under review and will make amendments in the light of experience.

Appendix 1 – Audit team

- 1 The audit team expected to work on the audit of Kirklees includes:

| Team member | Role | Contact details |
|--------------------|-------------------|------------------------|
| Ivan McConnell | District Auditor | 0113 2517130 |
| Simon Dennis | Audit Manager | 01484 221121 |
| John Thornton | Performance Lead | 0113 2517130 |
| Shirley Marsden | Principal Auditor | 01484 221119 |
| Julie Cousins | Trainee Auditor | 01484 221117 |

Appendix 2 – Final accounts working paper requirements

Fixed assets

| Working paper requirement | Done? Y/N | WP ref |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------|
| Analysis of fixed assets and deferred charges | | |
| Notes to the accounts | | |
| Copy of approved capital programme for 2003/04 – showing the position of each project as at 31 March, and including explanations for any significant variances between planned and actual expenditure | | |
| Reconciliation of fixed asset category balances (property, vehicles , plant and equipment, infrastructure and non-operational assets) per accounts to the General Ledger and Fixed Asset Register – supporting documentation for any reconciling items | | |
| Detailed listings of property, vehicles, plant and equipment, with values which reconcile to the fixed asset note within the accounts | | |
| Schedule of fixed asset additions (by project), which reconciles to the figure within the fixed asset note, fixed asset register and general ledger. Supporting documentation for any reconciliations | | |
| A reconciliation showing total capital spend, amount capitalised and amounts written off in year as not increasing asset values. | | |
| Schedule of all capital expenditure written off in-year as not increasing asset value | | |
| Schedule of fixed asset disposals which reconciles to figure within fixed asset note, fixed asset register and general ledger. | | |
| Details of the depreciation policy for all fixed asset categories. Supporting papers to indicate calculation of depreciation | | |

| Working paper requirement | Done? Y/N | WP ref |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------|
| Schedule and supporting documentation of any revaluations in year. Supporting papers to show how the Authority has considered FRS11 in the revaluations which have taken place | | |
| Schedule of movements on Fixed Asset Restatement Reserve in year. Supporting documentation for movements in year, particularly for written off capital expenditure not increasing asset valuation | | |
| Schedule of movements on Capital Financing Reserve in year. Supporting documentation for movements in year, particularly for capital receipts applied | | |
| Schedule of movements on Capital Grants and Contributions Deferred Account in year, which reconciles to the note within the accounts and general ledger. Supporting documentation for amounts received in-year and note of scheme to which they relate. Supporting documentation for amounts released | | |
| Schedule of movements on capital reserve which agrees to the accounts and General Ledger. Supporting documentation for any reconciling items and any significant movements. | | |
| Details of contracts for future capital expenditure for significant schemes | | |
| Analysis of movements in deferred charges accounts | | |
| Copy of Secretary of State's direction to support any deferred charges of a revenue nature | | |
| Completed capital accounting and financing checklists. | | |

External borrowing

| Working paper requirement | Done? Y/N | WP ref |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------|
| Analysis of loans payable at the year-end | | |
| Schedule of interest payable reconciled to the general ledger and accounts. A schedule of interest payments throughout the year and calculation of interest payable accrual for long-term borrowing | | |
| Copy of calculation comparing total interest charge for the year, outstanding borrowings and interest rates applicable | | |
| Analysis of borrowing between long and short-term | | |
| Copy of MRP calculation | | |
| Copy of agreements, schedule of commitments, schedule of transactions in the year for substantial borrowings under credit arrangements | | |
| A reconciliation of total direct revenue funding (DRF) to the figures included under capital discharged and capital expenditure financed | | |
| An analysis of internal recharges for capital financing | | |
| Copy of credit approvals and note of use | | |
| Copy of set aside calculations | | |
| Copy of minute where Council determined borrowing limits | | |
| Copy of aggregate credit limit calculation | | |
| Calculation of losses on commutation | | |

Investments

| Working paper requirement | Done? Y/N | WP ref |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------|
| Schedule of any investments in companies at 31 March, together with copies of companies' latest financial statements | | |
| An analysis of temporary investments by institution, reconciled by institution, reconciled to the accounts and general ledger. Supporting documentation required for all investments held and any reconciling items | | |
| Schedule of any other investments at the year-end | | |
| Schedule of interest receivable reconciled to the general ledger and accounts. Schedule of interest receipts throughout the year and associated year-end interest debtor. | | |
| Copy of the basis of valuation of investments | | |

Long-term debtors

| Working paper requirement | Done? Y/N | WP ref |
|-------------------------------------------------------------------------------------------------------------------------------|--------------|--------|
| Schedule of long-term debtors and loans receivable at 31 March | | |
| Analysis of movements in the balances compared to the previous year, with explanations for variances over and static balances | | |
| Supporting documentation for all long-term debtors >£200,000 | | |
| List of write-offs in year, arrears and payments in advance at 31 March | | |
| Working papers to support the calculation of the bad debt provision | | |

Deferred liabilities

| Working paper requirement | Done? Y/N | WP ref |
|----------------------------------------------------------------------------|--------------|-----------|
| Analysis of deferred liabilities | | |
| Movements schedule and note explaining variances compared to previous year | | |
| Summary of additions to deferred liabilities | | |
| Reconciliation to debtors' figure | | |

Stocks and work in progress

| Working paper requirement | Done? Y/N | WP ref |
|--------------------------------------------------------------------------------------------------|--------------|-----------|
| 1. Summary of stocks at 31 March, compared to previous year, and with explanations for variances | | |
| 2. Signed stock certificates, including the basis of valuation for stock balances | | |
| 3. Analysis of work in progress at 31 March | | |

Cash and bank

| Working paper requirement | Done? Y/N | WP ref |
|--------------------------------------------------------------------------------------------------------|--------------|-----------|
| 1. Schedule of all cash and bank balances at 31 March in the accounts reconciled to the general ledger | | |
| 2. Copy of year-end bank reconciliations for all bank accounts | | |
| 3. List of unrepresented cheques at 31 March | | |
| 4. List of cheques remaining unrepresented at the date of audit | | |
| 5. List of any out of date cheques | | |
| 6. Evidence of deposit of any cash in transit at 31 March | | |
| 7. Summary of cash holdings at 31 March with signed certificates from cash holders | | |

Debtors

| Working paper requirement | Done? Y/N | WP ref |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-----------|
| Schedule of debtors balances which reconciles to the accounts and general ledger – supporting documentation for reconciling items. For housing benefits administering authorities, the debtor balance should include debtors for housing benefits overpayments being collected from ongoing housing benefit entitlement | | |
| Explanatory note of variances compared to previous year | | |
| Copy of debtors control account | | |
| Reconciliation of the major grant claims to the grant claim debtors in the accounts | | |
| Year-end control account reconciliations for control accounts including particularly rents, NNDR, community charge and council tax debtors control account reconciliations. Supporting documentation for any reconciling items | | |
| Copy of VAT return | | |
| Age analyses of debtors | | |
| Calculation of bad debt provision including those being collected from ongoing housing benefits entitlement | | |
| Note of approach taken to accrual of debts | | |
| Transaction listing of debtor invoices >£250,000 for March and April (for both years). | | |
| Full list of all outstanding sundry debtors at 31st March. | | |
| Schedule of prepayments which agrees to the figure in the accounts and general ledger. Supporting evidence for any reconciling items | | |
| List of write-offs in the year | | |

Creditors

| Working paper requirement | Done? Y/N | WP ref |
|---------------------------------------------------------------------------------------------------------------------|--------------|--------|
| Analysis of creditors at 31 March which agrees to the general ledger and accounts | | |
| Explanations for variances in creditor balances compared to previous year | | |
| Detailed breakdown of creditor schedules (sundry revenue, capital, revenue grant, capital grant, other) | | |
| Transaction listing of payments >£250,000 made in March and April (for both years) | | |
| Full list of all outstanding sundry creditors at 31st March | | |
| Explanatory note of computations for accrued expenses and reference to appropriate journals for significant amounts | | |
| Correspondence/statements with other authorities for significant creditors | | |
| Details of Inland Revenue and Department of Social Security creditors for tax and national insurance respectively | | |
| Copy of procedures followed for accruing creditors | | |
| Evidence to support receipts in advance | | |

Funds balances and reserves

| Working paper requirement | Done? Y/N | WP ref |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------|
| Schedule of movements on balances for the year | | |
| Reconciliation of all reserve schedules | | |
| Copy of minutes authorising movements in balances | | |
| Analysis of movements in the PCL | | |
| Analysis of balances held by schools under delegated schemes reconciled to the general ledger | | |
| Where the Authority has self-insurance, a schedule of insurance provisions and working paper to support the calculation of the insurance reserve reconciled to the accounts | | |

Suspense and holding accounts

| Working paper requirement | Done? Y/N | WP ref |
|-------------------------------------------------------------------|--------------|--------|
| 1. Analysis of suspense and holding account balances at 31 March | | |
| 2. Explanation of variances in balances compared to previous year | | |
| 3. Copy of reconciliation of each account | | |
| 4. Explanation of the purpose of each account | | |

Contingent liabilities

| Working paper requirement | Done? Y/N | WP ref |
|----------------------------------------------------------------------------------------------------------------------|--------------|--------|
| 1. List of contingent liabilities and gains and explanation of their basis | | |
| 2. Statement from Legal/Chief Executives departments of known contingent liabilities | | |
| 3. Note of any investigations being carried out by HM Inspector of Taxes, Contributions Agency or Customs and Excise | | |

Post-balance sheet events

| Working paper requirement | Done? Y/N | WP ref |
|-----------------------------------------------------------------------|--------------|--------|
| 1. Copy of relevant papers for post-balance sheet events | | |
| 2. Note from solicitor of any claims outstanding | | |
| 3. Note of any major changes in the accounting and financial policies | | |

Consolidated revenue account

| Working paper requirement | Done? Y/N | WP ref |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-----------|
| Copy of consolidated revenue account | | |
| A reconciliation of each service's GROSS income and expenditure per CRA to the general ledger. Explanation and working papers for any reconciling items | | |
| Analytical review of income and expenditure by service compared to previous financial year. Explanation of variances >10 per cent of budget | | |
| Copy of year-end service outturn report considered by Members | | |
| Note of journal control procedures | | |
| Schedule/calculation of interest receivable | | |
| Schedule of appropriations to/from consolidated revenue account | | |
| Analysis of section 137 expenditure | | |
| Analysis of publicity expenditure | | |
| Note of any support given for economic development | | |
| Note of any extraordinary/exceptional items/prior year adjustments | | |
| Analysis of agency income and expenditure | | |
| Analysis of income under Goods and Services Act | | |
| Analysis of finance and operating lease rentals paid | | |
| Analysis of outstanding obligations in respect of operating leases | | |
| Actuary's valuation report to support the FRS17 disclosures for retirement under the Local Government Pension Scheme | | |
| Working paper showing FRS 17 valuation of discretionary unfunded benefits paid under all schemes (including the Teachers Pension Scheme) | | |
| Working paper showing apportionment of FRS17 current service costs to Division of Service level within the Service Expenditure Analysis in line with the principles of overhead apportionment set out in BVACOP | | |

| Working paper requirement | Done? Y/N | WP ref |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|
| WP confirming that FRS17 costs net to nil in the CRA and HRA leaving only the employers contributions payable to be met from council tax and rents | | |
| Allocations of overheads to services in line with BVACOP | | |
| For authorities involved in s31 Health Act 1999 pooled budgets, a copy of the pooled budget memorandum account for each pooled budget including a reconciliation of the authorities share to the accounts and general ledger and documentation supporting any consolidation adjustments needed where the host is a NHS partner | | |
| RSG/NNDR notification - reconciliation of amounts shown in revenue account to general ledger. Copies of the ODPM notifications reconciled to RSG and NNDR. | | |

Financial statements

| Working paper requirement | Done? Y/N | WP ref |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|
| Supporting papers for the cash flow statement | | |
| Statement of Total Movements in Reserves – working papers showing how the movements in the statement reconcile to movements in individual reserves on the Balance Sheet | | |
| Completed SoRP disclosure checklist | | |

Appendix 3 – WYFRA Audit Progress Statement

- 1 Position statement as at date
- 2 2005/6 Combined Audit and Inspection Programme

| Audit output | Fieldwork | Draft report date | Current position |
|---------------------------------------------------------|------------------|-------------------------------------|--------------------------------------------|
| Audit Plan | February 2005 | March 2005 | Complete. |
| BVPP Opinion and PI Audit Memorandum | April 2005 | September 2005 | Complete. |
| Interim Audit Memorandum | December 2005 | April 2006 | Planning for interim audit work commenced. |
| Report to Those Charged with Governance | August 2006 | September 2006 | Not yet started. |
| Opinion on Accounts, SIC and Value for Money Conclusion | July 2006 | September 2006 (statutory deadline) | Not yet started. |
| Final Accounts Memorandum | July 2006 | October 2006 | Not yet started. |
| Local Performance Work/Improvement Planning | To be confirmed. | To be confirmed. | Not yet started. |
| Annual Audit and Inspection Letter | October 2006 | December 2006 | Not yet started. |