

Adur District Council

Joint Governance Committee Progress Report

March 2017



Building a better
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The Members of the Joint Governance Committee
Adur & Worthing Councils
Worthing Town Hall
Chapel Road
Worthing
West Sussex
BN11 1HA

March 2017

Dear Members,

Audit Progress Report

We are pleased to attach our Audit Progress Report.

This progress report summarises the work we have undertaken since the last meeting of the Joint Governance Committee in January 2017. The purpose of this report is to provide the Committee with an update of our plans for the 2016/17 audit, to ensure they continue to be aligned with your service expectations.

Our audit is undertaken in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Paul King
Executive Director
For and on behalf of Ernst & Young LLP
Enc.

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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued ‘Statement of responsibilities of auditors and audited bodies 2015-16’. It is available from the Chief Executive of each audited body and via the [PSAA website](http://www.psa.co.uk) (www.psa.co.uk)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The ‘Terms of Appointment from 1 April 2015’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

2016/17 audit

Financial statements audit

We issued our 2016/17 Audit Plan in January 2017 where we outlined how we intend to carry out our responsibilities as auditor, including our proposed audit approach.

We have completed a number of additional interim procedures since the Audit Plan was issued and have concluded that we are able to rebut the risk of fraud in revenue recognition that is presumed under ISA240. This was reported as a significant risk in our Audit Plan, but our interim procedures have allowed us to rebut this risk.

Our interim procedures have also confirmed that the remaining risks identified in the Audit Plan remain appropriate. These were:

- Risk of Management Override.
- A Value for Money Conclusion risk regarding the Council's ability to plan its finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

Second Interim Visit

We started our second interim visit on 20 February, to undertake outstanding documentation and walkthroughs of material systems, complete controls testing (including reliance on the work of Internal Audit) and undertake early substantive testing.

We have not identified any additional risks from this work that we need to make the Committee aware of, nor are there any issues arising from our work that we need to report to you.

Post Statements Audit

Anticipating the move to faster closing, whereby the Council will have to publish its audited statement of accounts by 31 July 2018 for the 2017/18 financial year, we are looking to start our post statements work on the 2016/17 statement of accounts in mid-June 2017. Our post statements visit is scheduled to be completed by 7 August.

We will continue to use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular payroll and journal entries.

We will also review and report to the National Audit Office, to the extent and in the form required by them, on your whole of government accounts return.

We plan to present our audit results report, setting out the findings of our work and overall conclusions, to the Joint Governance Committee on 26 September 2017.

Value for Money Assessment

We have completed our planning work and expect to carry out our detailed work during our post statements audit visit. We plan to report the results of this work to the Joint Governance Committee on 26 September 2017.

Timetable

From the 2017/18 financial year, the timetable for preparation and approval of accounts will be brought forward to a draft accounts deadline of 31 May and an audit deadline of 31 July. In planning our work for 2016/17 we have planned our audit close to these revised deadlines. We set out below a timetable showing the key stages of the audit, including the value for money work, and the deliverables we will provide to you through the 2016/17 committee cycle.

| Audit phase | EY Timetable | Deliverable | Report to Committee | Status |
|---|-----------------------|--|---------------------|--|
| High level planning | Ongoing | Audit Fee Letter | 2016 | Completed |
| Risk assessment and setting of scope of audit | January 2017 | Audit Plan | January 2017 | Completed |
| Testing of routine processes and controls | February / March 2017 | Progress Report | March 2017 | In progress - this document. |
| Year-end audit | June / July 2017 | <p>Audit results report to those charged with governance</p> <p>Audit report (including our opinion on the financial statements and a conclusion on your arrangements for securing economy, efficiency and effectiveness in your use of resources)</p> <p>Whole of Government Accounts Submission to NAO based on their group audit instructions</p> <p>Audit Completion certificate</p> | September 2017 | Work is planned to start during June 2017 and completed by 7 August. |

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