

Adur District Council

Joint Governance Committee Progress Report

March 2018



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The Members of the Joint Governance Committee
Adur District Council
c/o Worthing Town Hall
Chapel Road
Worthing
West Sussex
BN11 1HA

15 March 2018

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 2018. The purpose of this report is to provide the Committee with an update of our plans for the 2017/18 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
Associate Partner
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.

2017/18 audit

Financial statements audit

We issued our 2017/18 Audit Plan in January 2018 where we outlined how we intend to carry out our responsibilities as auditor, including our proposed audit approach.

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

- Risk of Management Override
- Valuation of land and buildings
- Pension asset/liability valuation
- 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.

Our audit plan has also been revised to include an additional risk related to the earlier deadline for the production of financial statements. We updated the committee verbally at its January 2018 meeting regarding this risk.

Second Interim Visit

We started our second interim visit on 19 February, to undertake outstanding documentation and walkthroughs of material systems and undertake early substantive testing of transactions.

To facilitate the provision of working papers and audit evidence, our audit programme now incorporates a client portal whereby officers can upload documents directly to our audit file in response to specific requests. This constitutes a secure means of document transfer. We have been using this during our interim visit and we would encourage officers to respond to requests for evidence as quickly as possible.

We have not identified any additional risks from our interim work that we need to make the Committee aware of.

Post Statements Audit

In view of the faster close this year, as compared to previous years, 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 2017/18 statement of accounts at the beginning of June 2018. Our post statements visit is scheduled to be completed by mid-July 2018.

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 continue to use the client portal to request working papers and evidence for samples and in view of faster close, quick responses from officers will be critical to meeting the required deadline.

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 31 July 2018.

Value for Money Assessment

We have completed our planning work and expect to carry out our detailed work by the end of our post statements audit visit. We plan to report the results of this work to the Joint Governance Committee on 31 July 2018.

Timetable

For the 2017/18 financial year, the timetable for preparation and approval of accounts is brought forward to a draft accounts deadline of 31 May and an audit deadline of 31 July. In planning our work for 2017/18 we have planned our audit to meet 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 2017/18 committee cycle.

Audit phase	EY Timetable	Deliverable	Report to Committee	Status
High level planning	April 2017	Audit Fee Letter	2017	Completed
Risk assessment and setting of scope of audit	January 2018	Audit Plan	January 2018	Completed
Interim substantive testing of transactions	February / March 2018	Progress Report	March 2018	In progress - this document.
Year-end audit	June / July 2018	Audit results report to those charged with governance 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) Whole of Government Accounts Submission to NAO based on their group audit instructions Audit Completion certificate	July 2018	Work is planned to start at the beginning of June 2018 and be completed by mid-July.

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2016/17 audit

Housing Benefit Certification

We received the final evidence to support our testing of the Councils 2016/17 Housing Benefit claim in early March 2018. This evidence has subsequently been reviewed by the audit team, allowing us to complete our detailed testing. At the time of writing, we are in the process of completing the final review of the work and drafting the qualification letter, which will be shared with officers before the claim is certified and sent to the DWP.

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