

EXTERNAL AUDIT PROGRESS REPORT

1 Purpose

- 1.1 To receive a progress report and overview from the external auditors Ernst and Young on stage they have reached in the 2016/17 audit.

2 Recommendations/for decision

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| 2.1 | The Audit Committee is asked to consider the progress report and confirm that the work is aligned with the committee's expectations. |
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3 Supporting information

- 3.1 The 2016/17 updated Audit Plan was submitted to the Audit Committee in January 2017 and an update provided to the March 2017 meeting
- 3.2 The attached progress report also includes information on:-
- work undertaken on the Financial Statements. The year end audit visit is currently scheduled for early July, with the auditors expecting to be on site for approximately 4 weeks.
 - Value for money work, which was ongoing. There were no issues to bring to the Committee's attention at this stage.
 - Housing Benefits Update – additional work had been undertaken at the request of the DWP. The revised report had been formally submitted to the DWP and a response was awaited from them.

4 Reasons for Recommendation

- 4.1 The Audit Plan forms part of the independent external audit review process. The Audit Committee's role requires it to receive regular reports from the external auditors on the progress of their work at AVDC.

5 Resource implications

- 5.1 None

Contact Officer Andrew Small Tel: 01296 585507

Background Documents None

Audit Progress Report

Aylesbury Vale District Council

12 June 2017

Ernst & Young LLP



EY

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Ernst & Young LLP
Apex Plaza
Forbury Road
Reading
RG1 1YE

Tel: + 44 118 928 1100
Fax: + 44 20 7951 1345
ey.com

Aylesbury Vale District Council
The Gateway
Gatehouse Road
Aylesbury
Buckinghamshire
HP19 8FF

30 May 2017

Dear Audit Committee Members

Audit Progress Report 2016/17

We are pleased to attach our Audit Progress Report.

The report sets out the work we have completed since our last report to the Audit Committee. Its purpose is to provide the Committee with an overview of the stage we have reached in your 2016/17 audit and to ensure our audit is aligned with Committee 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 to understand whether there are other matters which you consider may influence our audit at this point.

Yours faithfully

Maria Grindley
Executive Director
For and behalf of Ernst & Young LLP
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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 (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 progress update 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..

1. Planned work

Fee Letter and Audit Plan

We issued our 2016/17 fee letter to the Council in April 2016 and our audit plan went to the Audit Committee on 23rd January 2017.

Financial Statements

We adopt a risk-based approach to the audit and, as part of our ongoing continuous planning we continue to meet key officers regularly to ensure the 2016/17 audit runs as smoothly as possible and to identify any risks at the earliest opportunity. This includes meetings with staff from the Council to discuss issues arising from the 2015/16 audit and to examine ways to enhance the audit process for the 2016/17 financial statements.

We continue to have regular meetings with key officers as part of our ongoing audit process.

These have proved beneficial as we have developed our understanding of the financial processes discussed a number of areas of the statements and have already selected our samples for substantive testing of income and expenditure transactions for the first nine months of the financial year and shared these with the Council's finance team.

To ensure that we meet the requirements of the Faster Close arrangements which are due to take effect in 2017/18 we have committed to undertaking as much early work as possible in 2016/17. Below is a listing of the early work that we have been able to complete as part of our interim visit:

- walkthrough of all key financial systems;
- opening balances agreement;
- month 9 testing of income and expenditure;
- month 9 payroll substantive analytical review including starters and leavers;
- exit packages testing;
- precept testing;
- contracts testing; and
- existence testing of property, plant and equipment.

Where we have completed month nine testing of key balances such as income and expenditure and payroll we will perform top up testing of these balances at year end. This will greatly reduce the time required to complete this work at year end.

In addition to the above work we have communicated our year-end working paper requirements to key officers. To ensure a smooth delivery of the year end we will continue to have regular meetings with key officers as part of our ongoing audit process.

Our interim reviews have not identified any issues we wish to bring to your attention.

Our year end audit visit is currently scheduled for early July and we will be on site for a period of approximately 4 weeks.

Value for money

We are required to consider whether the Council has 'proper arrangements' to secure economy, efficiency and effectiveness in the use of resources.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- take informed decisions;
- deploy resources in a sustainable manner; and
- work with partners and other third parties.

Our work on the value for money conclusion is ongoing. We have no issues to bring to your attention at this stage.

Housing Benefits Update

We have held meetings with the Housing Benefit team and discussed our approach for testing for the certification of the Housing Benefit Subsidy Claim for 2016/17.

We completed the additional work at the request of the DWP in relation to one particular element of the closed 2015/16 claim and have shared our findings from that review with key officers. In turn we have formally submitted our report to the DWP. We are currently awaiting the outcome of their review on the revised report.

Other Issues of Interest

We will continue to send our sector briefings to members and discuss key issues with the Committee.

If members of the Audit Committee have any particular issues they want to discuss with us we would be pleased to do so.

2. Timetable


Audit Committee Timeline

We have set out below a timetable showing the key stages of the audit, including the value for money work, and the deliverables we have agreed to provide to you through the 2016/17 Audit Committee cycle.

We will report to the Audit Committee throughout the audit as outlined below. This report summarises the progress made at this point. From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit Committee Chairman as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter in order to communicate to the Council and its external stakeholders, including members of the public, the key issues arising from our work.

Audit phase	Timetable	Deliverables
High level planning:	December 2016 to January 2017	Fee Letter taken to the April 2016 Audit Committee
Risk assessment and setting of scopes	January 2017	Audit Plan
Testing routine processes and controls	February 2017	Progress report
Update on interim work completed to date	June 2017	Progress report
Value for money conclusion	December 2016 to September 2017	Ongoing
Year-end audit	July-September 2017	Report to those charged with governance Audit reports (including our opinion on the financial statements and a conclusion as to whether the Council has proper arrangements for securing economy, efficiency and effectiveness in its use of resources). Audit completion certificates
Reporting	September 2017	Annual Audit Letters



Appendix A Audit Progress

Progress against key deliverables

Key deliverable	Timetable in plan	Status	Comments
Fee Letter		Completed	Reported to Those Charged With Governance in April 2016
Audit Plan	Jan 2017	Completed	Reported to Those Charged With Governance on 23 rd January 2017
Progress Report to Those Charged with Governance	June 2017	Completed	Reported to Those Charged With Governance on 12 th June 2017
Audit Report (including opinion and vfm conclusion)	September 2017	Not due yet	
Audit Certificate	September 2017	Not due yet	
WGA Certificate	September 2017	Not due yet	
Annual Audit Letter	September 2017	Not due yet	

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Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

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