

Audit Progress Report

Wycombe District Council

8 May 2018

Ernst & Young LLP



Building a better
working world



Ernst & Young LLP
Apex Plaza
Forbury Road
Reading
RG1 1YE
Tel: + 44 118 928 1100
Fax: + 44 20 7951 1345
ey.com

Wycombe District Council
Queen Victoria Road
High Wycombe
Buckinghamshire
HP11 1BB

8 May 2018

Dear Audit Committee Members

Audit Progress Report 2017/18

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 2017/18 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
Associate Partner
For and behalf of Ernst & Young LLP
Enc

Contents

1. Planned work	2
2. Timetable	4
Appendix A Audit Progress	5

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued ‘Statement of responsibilities of auditors and audited bodies’. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.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 (updated February 2017)’ 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 in legislation, 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 2017/18 fee letter to the Council in April 2017 and our audit plan went to the Audit Committee on 25th January 2018.

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 2017/18 audit runs as smoothly as possible and to identify any risks at the earliest opportunity. This includes meetings with Council staff to discuss issues arising from the 2016/17 audit and to examine ways to enhance the audit process for the 2017/18 financial statements.

Interim visit

Systems

We completed our interim work in February 2018 to identify the Council's material income and expenditure systems and to walk through these systems to ensure we understand how they operate. Our Accounts Receivable walkthrough highlighted the following issue:

- Separation of duties- the same person can both raise invoices and take payment, so there was no separation of duties between April and December 2017.
- Reconciliation between the Accounts Receivable sub-ledger and the general ledger was not complete: e.g. some differences were not explained for the period April 2017 to December 2017. We also noted that no reconciliations were performed for April or June 2017.

These findings are consistent with work done by the internal audit team: we liaised with them as they were drawing up their work plan.

Update from the finance team

We have obtained an explanation for the reconciliation position as at February 2018. There were a few differences in the reconciliation, as acknowledged by the Finance team: these were investigated by the team and working papers shared with us. Only small amounts are now outstanding. We will carry out detailed testing on reconciliations as part of our year-end accounts testing.

We are able to rely on a controls approach for the Accounts Payable system. This will reduce sample sizes at year-end.

Early Substantive Testing

We scheduled our visit to carry out early testing for two weeks in late January and early February, and shared our working paper requirements for this visit with the Council in early January 2018.

Our main areas of focus were:

- the first seven months' income and expenditure testing;
- significant contracts review;

- accounting policies; and
- exit packages.

All testing was completed with no issues arising.

Value for money

We are required to consider whether the Council has 'proper arrangements' to secure economy, efficiency and effectiveness in its 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 identified no significant risks at planning stage and we do not anticipate having to carry out more detailed work, although we will report to the Committee if this changes.

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 would like 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 2017/18 Audit Committee cycle.

We will report to the Audit Committee throughout the audit as outlined below. This report summarises the progress made to date. From time to time matters may arise that require immediate communication with the Audit Committee: if this is the case 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 the key issues arising from our work to the Council and its external stakeholders, including members of the public,

Audit phase	Timetable	Deliverables
High level planning:	December 2017	Fee Letter taken to the April 2017 Audit Committee
Risk assessment and setting of scopes	December 2017	Audit Plan
Testing routine processes and controls	End of Jan and Early Feb 2018	Progress report
Update on interim work completed to date	May 2018	Progress report
Value for money conclusion	December 2017 to July 2018	Ongoing
Year-end audit	June 2018	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	July 2018	Annual Audit Letter



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 2017
Audit Plan	Jan 2018	Completed	Reported to Those Charged With Governance on 25 January 2018
Progress Report	May 2018	Completed	To be presented to Those Charged With Governance on 31 May 2018
Audit Report (including opinion and vfm conclusion)	July 2018	Not due yet	
Audit Certificate	July 2018	Not due yet	
WGA Certificate	July 2018	Not due yet	
Annual Audit Letter	July 2018	Not due yet	

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.
All Rights Reserved.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

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

ey.com