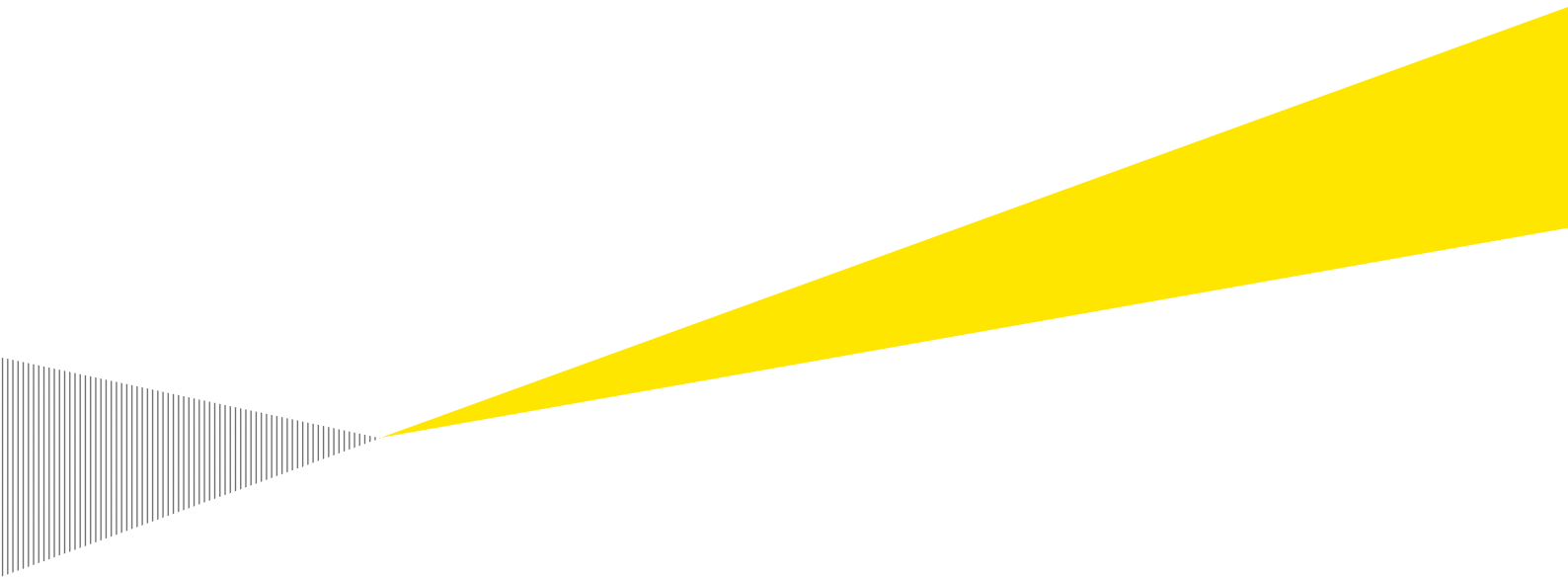


East Cambridgeshire District Council

Year ending 31 March 2014

Audit Progress Report

July 2014



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Corporate Governance & Finance Committee
East Cambridgeshire District Council
The Grange
Nutholt Lane
Ely
Cambridgeshire
CB7 4EE

9 July 2014

Dear Members,

Audit Progress Report - 2013/14

We are pleased to attach our Audit Progress Report.

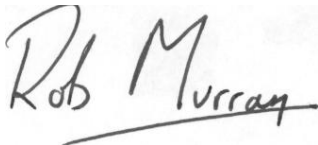
The purpose of this report is to provide the Corporate Governance & Finance Committee with an overview of the stage we have reached in your 2013/14 audit and ensure our audit is aligned with the Committee's service expectations.

Our audit will be undertaken in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Audit Commission Standing Guidance, auditing standards and other professional requirements.

We are currently carrying out our audit work on your 2013/14 financial statements, and our VFM conclusion work. We will report the results from this work to the Committee in September.

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



Rob Murray
Director
For and behalf of Ernst & Young LLP

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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's 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 Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Progress Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. 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. Work completed

1.1 Meetings

We have held meetings with key officers and other stakeholders as part of our ongoing audit process:

- ▶ 6 March 2014 – Meeting with Head of Finance and Chief Accountant to discuss the conduct of the audit for this year.
- ▶ Ongoing January - March 2014 – regular meetings and correspondence with the finance team, plus interim audit visit.
- ▶ 12 June 2014 – Meeting with Chief Executive and Head of Finance to discuss the current issues facing the Council and the restructuring.
- ▶ Ongoing July - August 2014 – regular meetings with the finance team as the audit progresses.

1.2 Completion of walk throughs and test of control

We have completed most of our walk-throughs and some tests of control, placing reliance on the work of internal audit where possible. We complete the walk-through of the Property, Plant and Equipment system during our financial statements audit.

Our work, so far, has not identified any issues that we need to bring to your attention as those charged with governance.

1.3 Financial statements audit

We are currently carrying out our audit work on your 2013/14 financial statements. We have not identified any additional risks, other than those already reported in our audit plan. However, this year the East Cambridgeshire Business Centre is now material to the Council's accounts which means the Council has had to prepare Group Accounts, which will result in additional audit work.

We will report the results from this work to this Committee in September.

1.4 Value for money assessment

We have completed our initial risk assessment for our value for money work. The focus of the work this year will be on:

- ▶ characteristics of proper arrangements the Council has in place to secure financial resilience and for securing economy, efficiency and effectiveness;
- ▶ risks specified by the Audit Commission relating to the proper arrangements;
- ▶ the Council's own assessment of the risks it faces, and its arrangements to manage and address its risks;

- ▶ the Council's system of internal control as reported in its Annual Governance Statement ('AGS');
- ▶ evidence gained from previous audit work, including the response of Council to that work;
- ▶ the results of the work of the Audit Commission, other inspectorates and review agencies, if relevant, to consider whether there is any impact on the auditor's responsibilities at the Council; and
- ▶ undertaking other local risk-based work as required, or any work mandated by the Audit Commission. We have not identified any specific risks where we need to undertake additional local risk based work at this Council.

We will report the results from this work to this Committee in September.

2. Timetable

2.1 Corporate Governance & Finance Committee Timeline

We have set out below a timetable showing the key stages of the audit, including the value for money work and the whole of government accounts, and the deliverables we have agreed to provide to you through the Corporate Governance & Finance Committee cycle.

We will provide formal reports to the Corporate Governance & Finance Committee throughout our audit process as outlined below. Where required, we will issue an Interim Report, summarising the findings from our audit at that stage. From time to time matters may arise that require immediate communication with the Corporate Governance & Finance Committee and we will discuss them with the Corporate Governance & Finance Committee Chair as appropriate.

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

Audit phase	Timetable	Deliverables
High level planning:	November-Jan	Fee Letter (issued April 2013)
Risk assessment and setting of scopes	December-January	Audit Plan (January 2014)
Testing of routine processes and controls	January-March	Interim Report (if required) Not required.
Value for money conclusion	February-April September	Report to those charged with governance (in September)
Year-end audit	July – September	Report to those charged with governance (in September)
		Audit report (including our opinion on the financial statements and a conclusion as to whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources).
		Audit completion certificate
		Whole of Government Accounts Certification
Reporting	October	Annual Audit Letter
Grant claims	December	Report on the audit of grant claims

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters through our Sector Briefings.

2.2 Planning discussions

We issued our Fee letter in April 2013. We have concluded our planning discussions and have issued our Audit Plan for the March 2014 Corporate Governance & Finance Committee. We will continue to update our planning throughout the course of our audit process.

Appendix A Audit Progress

Progress against key deliverables

Key deliverable	Timetable in plan	Status	Comments
Fee Letter	April 2013	Completed	Issued in April. Reported to Finance & Governance Committee in November 2013.
Audit Plan	December 2013/January 2014	Completed	Reported to Finance & Governance Committee in March 2014.
Report to Those Charged with Governance	September 2014		Will be reported to Corporate Governance & Finance Committee in September.
Audit Report (including opinion and vfm conclusion)	September 2014		Will be reported to Corporate Governance & Finance Committee in September.
Audit Certificate	September 2014		Will be reported to Corporate Governance & Finance Committee in September.
WGA Certificate	September 2014		Will be reported to Corporate Governance & Finance Committee in September.
Annual Audit Letter	October 2014		
Report on the Audit of Grant Claims	December 2014		

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