

Agenda Item 7

**East Cambridgeshire District Council
Audit Progress Report**

November 2017



16 November 2017



Dear Members of the Resources and Finance Committee

This document provides the Committee with a report on the progress of our audit of the Council's 2017/18 statement of accounts and is part of our commitment to ensuring that our audit is aligned with the Committee's service expectations.

Also on the agenda for the Committee is the Annual Audit Letter for 2016/17. We agreed our detailed Audit Plan with you for that year at the Resources and Finance Committee on 3 April 2017.

We will be issuing our 2017/18 Audit Plan for discussion with officers in December 2017, and it will be presented at the January 2018 committee.

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

Suresh Patel
Associate Partner

For and on behalf of Ernst & Young LLP

United Kingdom



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Executive Summary



Executive Summary

Audit Planning

In November and December we will be completing our planning procedures for the 2017/18 (FY18) audit. This will comprise:

- ▶ Meetings with key staff to discuss the significant risks facing the Council; and
- ▶ Updating our understanding of the Council and its business.

The work we undertake at the planning stage informs our approach to the opinion audit and our value for money conclusion as set out in our audit plan. We will issue the audit plan for discussion with officers in December 2017, and we will present it to the next Resources and Finance Committee in January 2018.

Value for money conclusion

As part of our planning procedures, we consider the Council's significant risks in respect of value for money arrangements.

We anticipate that the budget pressures facing the Council from 2019/20 will be a significant risk and we will plan appropriate procedures to understand the Council's arrangements for managing the associated risks.

Audit of the statement of accounts

- ▶ We audit the Council and Group Statement of Accounts in line with the NAO Code of Audit Practice (the Code), the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirement.
- ▶ We will present an audit plan to the Resources and Finance Committee in January 2018, which will detail the significant risks related to our opinion audit.

The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the FY18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May 2018 and the publication of the audited accounts by 31 July 2018. Key to this will also be early production of the Trading Company accounts.

Following the completion of the FY17 audit we have discussed with the finance team what worked well and areas for improvement. We have also agreed areas of focus for supporting the achievement of the earlier deadlines.

Our interim audit in February 2018, will comprise:

- ▶ Undertaking walkthroughs of key financial systems and test of controls where applicable.
- ▶ Early work on valuations and depreciation, accounting policies, month 1 to 9 testing of income and expenditure, payroll sampling, and any other areas that the finance team can make available for an early audit.
- ▶ Early use of analytics, to enable us to capture whole populations of your financial data, in particular journal entries. Analytics help identify specific exceptions and anomalies which we can then focus substantive audit tests.

We have agreed with the finance team that we will commence the final accounts audit visit on 4 June 2018. We will also agree an earlier timetable with the auditors of the Trading Company.



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Timetable



Timetable

Resources and 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 2017/18 Resources and Finance Committee cycle.
- ▶ We will provide formal reports to the Resources and Finance Committee throughout our audit process as outlined below. From time to time matters may arise that require immediate communication with the Resources and Finance Committee and we will discuss them with the Resources and Finance Committee Chair as appropriate.
- ▶ Following the conclusion of our audit we will prepare an Annual Audit Letter in order to communicate to the Council and external stakeholders, including members of the public, the key issues arising from our work.

Audit phase	Timetable	Deliverables
Fee letter	April 2017	Fee letter (issued 20 April 2017)
Planning, risk assessment and setting of scopes	November - December 2017	Audit plan (to be presented to January 2018 committee)
Walk through of processes, and early accounts audit work	February 2018	Interim report (by exception)
Value for money conclusion	March 2018	Interim report (by exception)
Year-end audit	June-July 2018	Audit results report (to those charged with governance) in July 2018. Audit report (including our opinion on the financial statements and a conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources). Audit completion certificate Whole of government accounts submission to NAO based on their group audit instructions (deadline still to be confirmed).
Reporting	October 2018	Annual audit letter
Grants reporting	January 2019	Grants Certification report

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