

# New Forest District Council

## Audit Committee Progress Report

January 2014



Building a better  
working world

Audit Committee  
New Forest District Council  
Appletree Court  
Beaulieu Road  
Lyndhurst  
SO43 7PA

10 January 2014

## Audit Progress Report

We are pleased to attach our Audit Progress Report.

It sets out the work we have completed since our last report to the Committee. Its purpose is to provide the Committee with an overview of the 2012/13 audit, and an outline of our plans for the 2013/14 audit. This Progress Report is a key mechanism in ensuring that our audit is aligned with the Committee's service expectations.

Our audit is 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 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



Helen Thompson  
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 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.

## Work completed: 2012/13

### **Financial Statements**

On 27 September 2013 we issued an unqualified audit opinion on the Council's financial statements.

### **Value for money assessment**

On 27 September 2013 we issued an unqualified value for money conclusion.

### **Whole of government accounts**

On 27 September 2013 we reported to the National Audit Office the results of our work performed in relation to the accuracy of the Council's consolidation schedules. We did not identify any areas of concern.

### **Annual Audit Letter**

We are presenting our Annual Audit Letter to today's Committee meeting.

### **Grant claim certification**

We certified your national non domestic rates return and pooling of housing capital receipts by the required deadlines. The housing benefit subsidy claim was submitted on time but was subject to a qualification letter and we will provide full details in our annual report on the certification on claims and returns to the next Audit Committee.

The indicative scale fee for 2012/13 grants (£8,700) was set by the Audit Commission and based on the work performed in 2010/11. The Audit Commission's approach to claim certification requires us to fully test grant claims every three years (i.e. not roll forward assurance). The pooling of housing capital receipts return was subject to full testing this year and extra fee of £849 has been agreed with officers for this work, and is now being agreed with the Audit Commission.

### **Local elector objection**

In September 2013 we received an objection from a local elector to an item of account contained within the 2012/13 financial statements (transfer fees charged on private beach huts). We investigated this objection and concluded that there was nothing to indicate that the item of account was unlawful, and did not warrant the issue of a report in the public interest. The cost of investigating this objection was £2,304, which has been discussed and agreed with officers. The additional fee now has to be agreed by the Audit Commission.

### **Audit certificate**

Since the issue of the Annual Audit Letter, we have issued the audit certificate after the resolution of the accounts objection. This concludes our audit responsibilities for 2012/13 and the certificate was issued on 11 December 2013.

## Audit Progress for 2012/13

<b>Progress against key deliverables</b>			
<b>Key deliverable</b>	<b>Timetable in plan</b>	<b>Status</b>	<b>Comments</b>
Fee Letter	December 2012	Completed	Presented to Audit Committee March 2013
Audit Plan	March/April 2013	Completed	Presented to Audit Committee March 2013
Report to Those Charged with Governance	September 2013	Completed	Reported to Audit Committee September 2013
Audit Report (including opinion, vfm conclusion)	September 2013	Completed	Reported to Audit Committee September 2013
Audit Certificate	September 2013	Completed	Reporting at January 2014 Audit Committee
WGA submission to NAO	September 2013	Completed	Reported to Audit Committee September 2013
Annual Audit Letter	October 2013	Completed	Reporting at January 2014 Audit Committee
Report on the audit of Grant Claims	December 2013	To be issued January 2014	To be reported to March 2014 Audit Committee.

## 2013/14 audit

### **Fee letter**

We issued our 2013/14 fee letter to the Council in April 2013.

### **Financial Statements**

We adopt a risk based approach to the audit and as part of our ongoing continuous planning we have held, and will be holding, a number of meetings with key officers and other stakeholders to ensure that the 2013/14 audit runs as smoothly as possible and identify any risks at the earliest opportunity.

Our work to identify the Council's material income and expenditure systems and to walk through these systems and controls is planned for February/March 2014. The detailed testing of the controls and critical path of each material system is planned for March 2014.

We will continue to use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular payroll, cash payments and receipts and journal entries.

### **Value for money**

The Audit Commission has now issued its guidance on the 2013/14 value for money conclusion. The full guidance can be found at <http://www.audit-commission.gov.uk/technicaldirectory/vfm1314/>.

There are no planned changes to the approach in 2013/14, and we will carry out our initial risk assessment in January/February 2014 and report the risks we have identified, and associated work we will carry out, to either the March or June 2014 Audit Committee.

# Timetable: 2013/14

## Audit Committee Timeline

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 2013/14 Audit Committee cycle.

We will provide formal reports to the Audit Committee throughout our audit process as outlined below.

Audit phase	Timetable	Deliverables
High level planning:	<b>November</b>	Audit Fee Letter
Risk assessment and setting of scope of audit	<b>January - March</b>	Audit Plan
Testing of routine processes and controls	<b>March – April</b>	Audit Plan
Year-end audit	<b>July - September</b>	<ul style="list-style-type: none"> <li>▶ Report to those charged with governance</li> <li>▶ Audit report on the financial statements and value for money conclusion</li> <li>▶ Audit Completion certificate</li> <li>▶ Whole of government accounts</li> </ul>
Reporting	<b>October</b>	Annual Audit Letter
Grant Claims	<b>December/ January</b>	Annual certification report

In addition to the above formal reporting and deliverables we provided practical business insights and updates on regulatory matters through our Sector Briefings, which we will continue to provide as they become available.

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