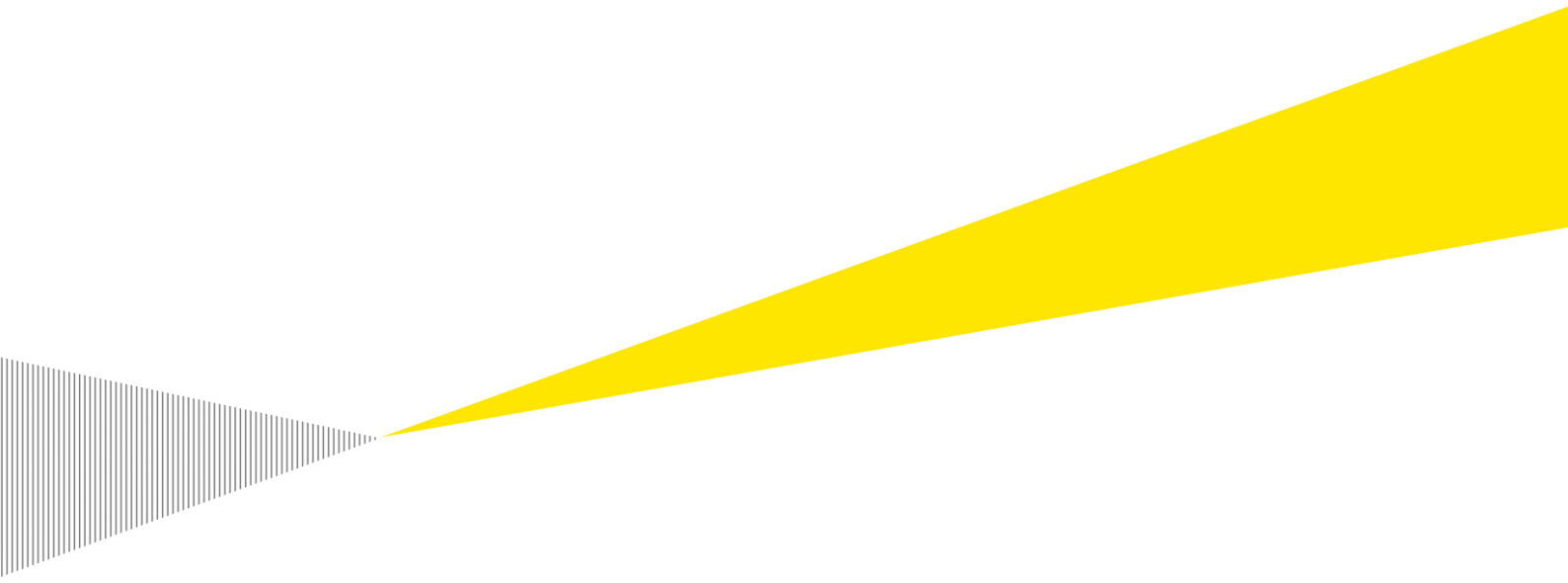


**A**

# **New Forest District Council**

**Audit Committee Progress Report**

June 2014



**EY**

Building a better  
working world

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

20 June 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 2013/14 audit, and an outline of our plans for the 2014/15 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

# Contents

<b>Work completed: 2013/14 .....</b>	<b>2</b>
<b>Audit Progress for 2013/14.....</b>	<b>3</b>
<b>2014/15 audit.....</b>	<b>4</b>
<b>Timetable: 2014/15 .....</b>	<b>5</b>

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: 2013/14

### **Financial Statements**

We have completed our interim audit and will be starting our financial statements audit on 16<sup>th</sup> June 2014. This visit should last approximately 4 weeks and enable us to be in a position to issue our opinion on the financial statements. The audit plan details the audit risks and our planned response to them. The audit plan is on the agenda for this committee so the risks have not been duplicated here.

### **Value for money assessment**

Our value for money assessment will be completed during the final visit. The manager met the Executive Director for Finance in May 2014 to discuss the sector risks as identified by the Audit Commission and any further local risks. No significant risks have been identified. Our audit plan sets out our approach.

### **Whole of government accounts**

Our Whole of Government Accounts (WGA) opinion will be issued alongside the audit opinion in September 2014 and the audit work will be carried out alongside the main opinion audit work.

### **Annual Audit Letter**

We plan to issue our Annual Audit Letter by November 2014.

### **Grant claim certification**

We have not started your 2013/14 certification work yet, which is scheduled for September and October 2014.

### **Audit certificate**

We will issue the audit certificate upon completion of our 2013/14 work. It is anticipated that this will be in October 2014, pending completion of our opinion and VFM audits, and assuming that there are no local government elector objections outstanding at that date.

## Audit Progress for 2013/14

<b>Progress against key deliverables</b>			
<b>Key deliverable</b>	<b>Timetable in plan</b>	<b>Status</b>	<b>Comments</b>
2013/14 Fee Letter	March 2013	Completed	Presented to Audit Committee March 2013
Audit Plan	June 2014	Completed	Presented to Audit Committee June 2014
Report to Those Charged with Governance	September 2014	Not complete	To be reported to Audit Committee September 2014
Audit Report (including opinion, vfm conclusion)	September 2014	Not complete	To be reported to Audit Committee September 2014
Audit Certificate	September 2014	Not complete	To be reported to Audit Committee September 2014, assuming audit completion by that date
WGA submission to NAO	September 2014	Not complete	To be reported to Audit Committee September 2014
Annual Audit Letter	October 2014	Not complete	Reporting to January 2015 Audit Committee
Report on the audit of Grant Claims	December 2014	Not complete	To be issued in January 2015 and reported to either January or March 2015 Audit Committee.

## 2014/15 audit

### **Fee letter**

We issued our 2014/15 fee letter to the Council in June 2014.

### **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 2014/15 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 January 2015. The detailed testing of the controls and critical path of each material system is planned for February/March 2015.

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 yet to release the detailed approach for 2014/15 but we do not anticipate any significant changes to the 2013/14 approach, which is detailed at <http://www.audit-commission.gov.uk/technicaldirectory/vfm1314/>. We will carry out our initial risk assessment in January/February 2015 and report the risks we have identified, and associated work we will carry out, to either the March or June 2015 Audit Committee.

# Timetable: 2014/15

## 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 2014/15 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>December</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.

**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](http://ey.com)