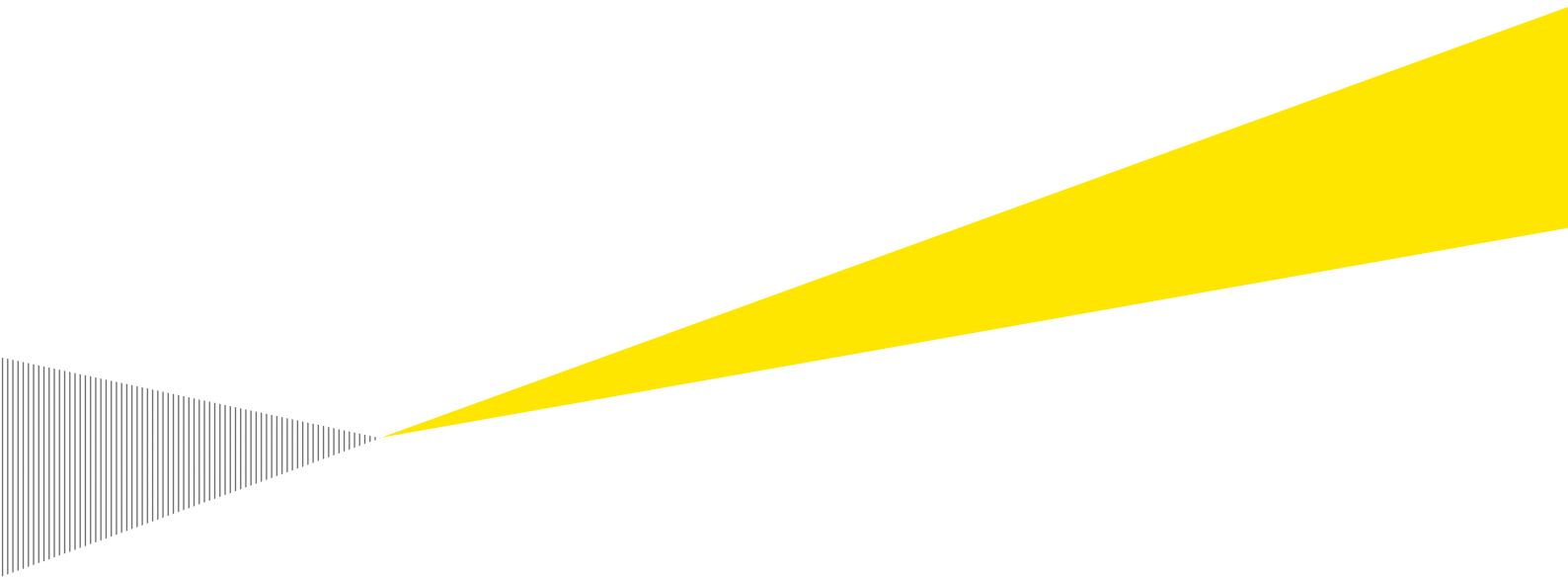


New Forest District Council

Audit Committee Progress Report

23 September 2016



Building a better
working world

23 September 2016

Dear Committee Member

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 progress that we have made with the work that we need to complete during the 2015/16 audit. This 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 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 understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Helen Thompson
Executive Director
For and behalf of Ernst & Young LLP

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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued ‘Statement of responsibilities of auditors and audited bodies 2015-16’. 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 1 April 2015’ 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 statute, 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.

2015/16 audit

Financial statements and value for money assessment

We are required to give an audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31 March 2016 and of the income and expenditure for the year then ended.

We adopt a risk based approach to the audit and as part of our ongoing continuous planning we continue to meet key officers and other stakeholders.

We substantively completed our audit work by early August 2016, and we discussed our findings with the Chief Executive and the Service Manager – Finance (S151) & Audit on 9 August 2016.

Our conclusions are set out in the Audit Results Report for the Council which is attached separately on today's agenda.

We received correspondence from a councillor in relation to the replacement of beach huts and remedial coastal defence work at Milford on Sea. We reviewed the issue raised and concluded there was no impact on our financial statements opinion or value for money conclusion.

Annual audit letter

We are required to issue an annual audit letter by 31 October 2016. We will agree this with officers and present it to the Audit Committee in early 2017.

Housing benefit grant claim certification

We have started our work on your housing benefit subsidy claim in October. The deadline for completion is 30 November 2016.

We will issue our annual report on the certification of claims and returns to the next Audit Committee in early 2017.

This will complete our work on the 2015/16 audit.

Other issues

Local appointment of auditors

We included, in our January progress report, details about the decision of the Department of Communities and Local Government (DCLG) not to extend the existing arrangements for external audit contracts beyond the end of 2017/18. This will mean from 2018/19 onwards, local bodies, including the Council, will be responsible for appointing their own auditors, and directly managing the resulting contract and the relationship.

The DCLG has approved Public Sector Audit Appointment's (PSAA) bid to become the sector-led body for the independent appointment of auditors for principal authorities in England, beginning with responsibilities for the financial year 2018/19.

Steve Freer, PSAA chair, said in a press release: "We are delighted to have been appointed to develop and run the national scheme. We are confident that it will represent an important, value for money option for all local bodies and that many will choose it as their preferred way forward. A high level of participation will enable us to attract the best audit suppliers and ensure competitive prices.

"High quality independent audit is one of the cornerstones of public accountability, giving assurance that taxpayers' money has been well managed and properly expended, and inspiring trust and confidence in the organisations and people responsible for managing public money."

PSAA added that it will only contract with firms that have a proven track record in undertaking public audit work. It currently plans to set a three-year time period for both contracts and public sector bodies' membership of the scheme, with the option to expand it to five years. It also said it will limit contracts to a small number of companies in two or three large contract areas, in order to try to achieve the most competitive prices possible.

Around 270 councils and local bodies have expressed an interest in joining the national scheme which PSAA will develop.

Other issues of interest

In addition to our formal reporting and deliverables, we provide practical business insights and updates on regulatory matters through our Sector Briefings. We would like to agree how you would like these updates to be circulated to members of the Committee.

Timetable

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 2015/16 committee cycle.

Audit phase	EY Timetable	Deliverable	Reported	Status
High level planning	Ongoing	Audit Fee Letter	June 2015	Complete
Risk assessment and setting of scope of audit	January 2016	Progress Report	January 2016	Complete
Testing of routine processes and controls	March 2016	Audit Plan	March 2016	Complete
Year-end audit	July - August 2016	<p>Audit results report to those charged with governance</p> <p>Audit report (including our opinion on the financial statements and a conclusion on your arrangements for securing economy, efficiency and effectiveness in your use of resources)</p> <p>Whole of Government Accounts Submission to NAO based on their group audit instructions</p> <p>Audit Completion certificate</p>	September 2016	Presented on today's agenda.

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