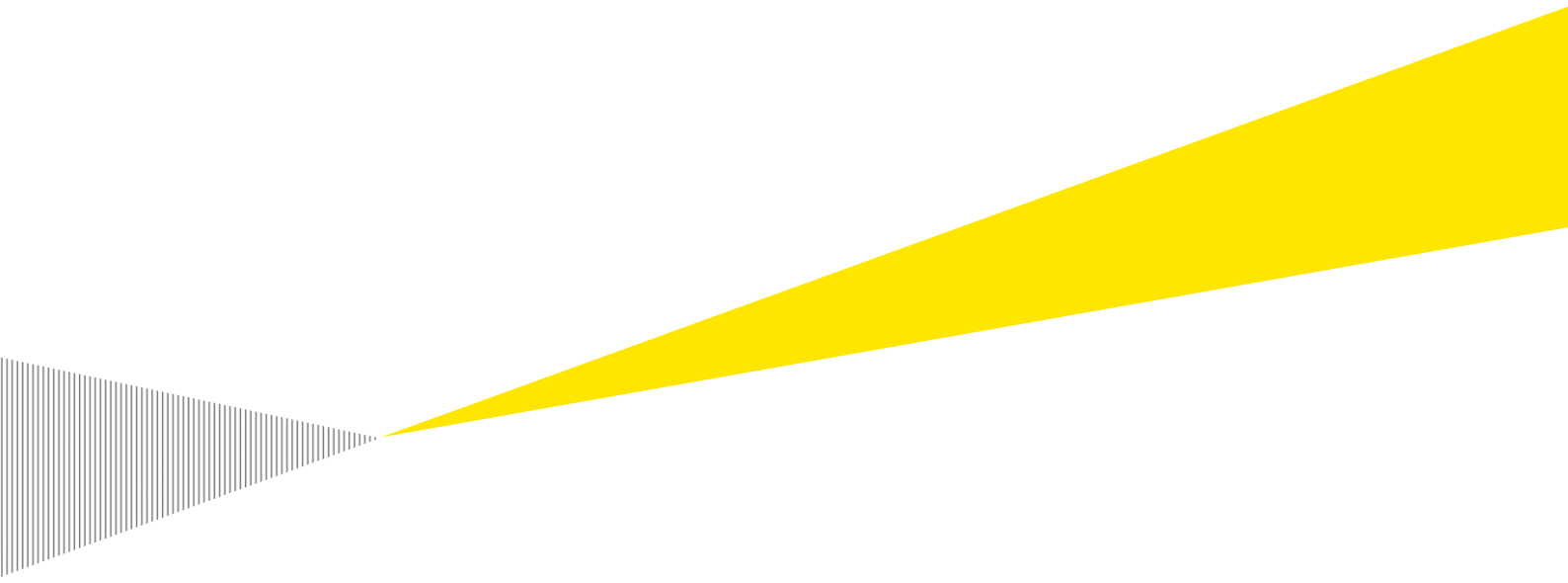


New Forest District Council

Audit Committee Progress Report

24 March 2017



Building a better
working world

24 March 2017

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 2016/17 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

Contents

2016/17 audit.....	2
Timetable.....	3

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.

2016/17 audit

Financial statements

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 2017 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.

Audit Plan

We included the risks associated with the Council's financial statements and the value for money assessment in our 2016/17 Audit Plan which we presented to the Audit Committee in January.

Interim audit

Our audit timetable is summarised in section two of this report. During our interim audit, in February, we identified and walked through your material income and expenditure systems.

Post statements visit

Our post statements visit for four weeks, from 3 July 2017, involves substantively testing the entries in the financial statements and other audit procedures required by both our audit approach and international standards on auditing. We have discussed our working paper requirements with officers.

Our conclusions will be set out in the Audit Results Report for the Council which we will discuss and agree with officers on 31 July. We will present our findings to the Audit Committee on 25 August.

Value for money assessment

We are required to give a statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness. The Public Sector Audit Appointments (PSAA) Ltd has revised the specified criterion for the value for money conclusion for the 2016/17 audit to be:

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We carried out our initial risk assessment in early 2017. We identified the "Delivery of a sustainable medium term financial plan" as a significant value for money risk at the Council. We will carry out our fieldwork in March and April. Our approach will focus on:

- ▶ reviewing the progress made in achieving the planned budget and required savings for 2016/17;
- ▶ assessing whether the Council has good systems and processes in place to manage their financial risks and opportunities effectively;
- ▶ assessing the robustness of financial plans for 2017/18 and in the medium term.

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 2016/17 committee cycle.

Audit phase	EY Timetable	Deliverable	Reported	Status
High level planning	Ongoing	Audit Fee Letter	June 2016	Complete
Risk assessment and setting of scope of audit	January 2017	Audit Plan	January 2017	Complete
Testing of routine processes and controls	March 2017	Progress Report	March 2017	Complete
Year-end audit	July - August 2017	<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>	August 2017	<p>Year end audit work, on the Council's financial statements, will be carried out for four weeks commencing 3 July 2016.</p> <p>We will present the findings of our audit to the Committee on 25 August 2017.</p>

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