

Brighton & Hove City Council

Audit & Standards Committee Progress Report

19 November 2013



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Audit & Standards Committee
Brighton & Hove City Council
Kings House
Grand Avenue
Hove
BN3 2LS

19 November 2013

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 Audit Results 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 26 September 2013 we issued an unqualified audit opinion on the Council's financial statements. Detailed issues arising from our work were presented to the 24 September meeting of the Committee in our audit results report.

Value for money assessment

On 26 September 2013 we issued an unqualified value for money conclusion. Detailed issues arising from our work were presented to the 24 September meeting of the Committee in our audit results report.

Whole of government accounts

On 26 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 found that the consolidation pack was consistent with the statutory financial statements but we reported one unadjusted error of approximately £2 million. The Council did not adjust the statutory accounts or the consolidation pack as the estimated impact is not material and was based on an extrapolation only.

Annual Audit Letter

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

Grant claim certification

We certified your national non-domestic rate claim and pooling of housing capital receipts return before the deadline of the end of September. We are currently auditing your housing benefit subsidy claim and teachers' pensions return which have a certification deadline of the end of November..

We plan to issue our annual report on the certification of claims and returns providing more details on the work undertaken and our detailed findings to the January meeting of the Committee. This will complete our work on the 2012/13 audit.

Audit Progress for 2012/13

Progress against key deliverables			
Key deliverable	Timetable in plan	Status	Comments
Fee Letter	December 2012	Completed	Reported to the January 2013 meeting of the Audit & Standards Committee.
Audit Plan	January – April 2013	Completed	Reported to the April 2013 meeting of the Audit & Standards Committee.
Reports to Those Charged with Governance	September 2013	Completed	Reported to the September 2013 meeting of the Audit & Standards Committee.
Audit Reports (including opinion, vfm conclusion)	September 2013	Completed	Issued on 26 September 2013
Audit Certificate	September 2013	Completed	Issued on 26 September 2013.
WGA submissions to NAO	September 2013	Completed	Issued on 26 September 2013.
Annual Audit Letter	October 2013	Completed	Reported to the November 2013 meeting of the Audit & Standards Committee.
Report on the audit of Grant Claims	January 2014	Work ongoing	To be reported to the January 2014 meeting of the Audit & Standards Committee.

2013/14 audit

Fee letter

We issued our 2013/14 fee letter to the April 2013 meeting of the Audit & Standards Committee.

Financial Statements

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

- We met the Chief Executive and Director of Finance and Resources on 7 October as part of our programme of regular quarterly meetings to discuss our work and current issues and developments at the Council.
- We met Central Accounting officers on 6 November to evaluate the 2012/13 accounts production and audit process. We will continue to work with those officers to refine and improve arrangements for 2013/14 and arrive at a shared understanding of key deliverables early in the process.
- We plan to meet Internal Audit before Christmas to ensure that a properly integrated approach is taken to audit work at the Council.

Our work to identify the Council's material income and expenditure systems and to walk through these systems and controls is planned in January and February 2014. The detailed testing of the controls and critical path of each material system is planned for March 2014. We will maximise the reliance we place on the work of Internal Audit to support our work in this area.

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

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. We will carry out our initial risk assessment in the new calendar year and report the risks we have identified and associated work we will carry out in our detailed audit plan.

Timetable: 2013/14

Audit & Standards 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 Governance and Audit Committee throughout our audit process as outlined below.

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

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