

# Havant Borough Council

Governance and Audit Committee Progress Report

March 2014



Building a better  
working world



Governance and Audit Committee  
Havant Borough Council  
Public Service Plaza  
Civic Centre Road  
Havant  
PO9 2AX

24 February 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 completed 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



# Contents

<b>Work completed: 2012/13 .....</b>	<b>2</b>
<b>2013/14 audit.....</b>	<b>3</b>
<b>Timetable.....</b>	<b>4</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: 2012/13

We are presenting our annual report on the certification of claims and returns to the Committee today. This completes our work in relation to the 2012/13 financial year.

<i>Progress against key deliverables</i>			
<b>Key deliverable</b>	<b>Timetable in plan</b>	<b>Status</b>	<b>Comments</b>
Fee Letter	December 2012	Completed	Reported to Joint Governance Committee March 2013
Audit Plan	March/April 2013	Completed	Presented at the May 2013 Joint Governance Committee
Reports to Those Charged with Governance	September 2013	Completed	Reported to Joint Governance Committee September 2013
Audit Reports (including opinion, vfm conclusion)	September 2013	Completed	Reported to Joint Governance Committee September 2013
Audit Certificates	September 2013	Completed	Reported to Joint Governance Committee September 2013
WGA submissions to NAO	September 2013	Completed	Reported to Joint Governance Committee September 2013
Annual Audit Letter	October 2013	Completed	Reported to Governance and Audit Committee November 2013
Report on the audit of Grant Claims	December 2013	Completed	Reported to Governance and Audit Committee March 2014

## 2013/14 audit

### Fee letter

We issued our 2013/14 fee letter to the Joint Governance Committee on 12 March 2013.

### Financial Statements

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

- January 2014 – our quarterly meeting with the Executive Head of Governance and Logistics and the Finance Service Manager to update our understanding of the challenges and risks you are facing. This forms a key part of our continuous audit planning.
- February 2014 – we have held ongoing discussions with key finance staff to discuss significant risks and emerging issues around the accounts preparation process.
- February 2014 – EY held a public sector accountancy workshop to update key accounting staff on the changing legislative and accounting landscape within local government for 2013/14. The Corporate Accountancy Team Leader attended on behalf of the Council.
- We continue to liaise with Internal Audit to ensure we can place reliance on their work where possible.

Our work to identify the material income and expenditure systems was completed in January 2014. The detailed walk through of these systems and testing of the controls and critical path of each material system is planned for February and March 2014. We will communicate the results of this work to you in our Audit Plan which will be presented to the Governance and Audit Committee in June.

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. Our initial risk assessment is ongoing and we will report the risks we have identified, and associated work we will carry out, to the June 2014 Governance and Audit 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 2013/14 Governance and Audit Committee cycle. We will provide formal reports to the Committee throughout our audit process as outlined below.

Audit phase	EY Timetable	Deliverable	Associated Governance & Audit Committee	Status
High level planning	<b>Ongoing</b>	Audit Fee Letter	March 2013	Completed - Reported to the March 2013 Committee
Risk assessment and setting of scope of audit	<b>Feb – April 2014</b>	Audit Plan	June 2014	Started
Testing of routine processes and controls	<b>Feb – April 2014</b>	Audit Plan	June 2014	Started
Year-end audit	<b>June - August 2014</b>	Audit results report to those charged with governance Audit report (including our opinion on the financial statements and a conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources) Whole of Government Accounts Submission to NAO based on their group audit instructions Audit Completion certificate	September 2014	-
Annual Reporting	<b>October 2014</b>	Annual Audit Letter	November 2014	-
Grant Claims	<b>September – November 2014</b>	Annual certification report	March 2015	



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