

Brighton & Hove City Council

Audit & Standards Committee Progress Report

21 January 2014



Building a better
working world

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

21 January 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 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

Grant claim certification

We have completed our work on grant claim certification. Our annual report on the certification of claims and returns which provides more details on the work undertaken and our detailed findings is being presented to this January meeting of the Committee. This completes our work on the 2012/13 audit.

| 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 | Completed | 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 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 has now started and will continue through to 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 are in the process of carrying out our initial risk assessment and will 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 Audit & Standards 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 |

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Ernst & Young LLP

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