

Chichester District Council

Corporate Governance and Audit Committee Progress Report

March 2014



Building a better
working world

Corporate Governance and Audit Committee
Chichester District Council
East Pallant House
1 East Pallant
Chichester
West Sussex
PO19 1YT

20 March 2014

Dear Members,

Audit Progress Report

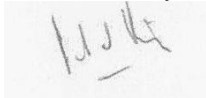
We are pleased to attach our Audit Progress Report.

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 2013/14 audit, and an indication of progress against our plans.. 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



Paul King
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 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.

2013/14 audit

Fee letter

We issued our 2013/14 fee letter to the Corporate Governance & Audit Committee on 27 June 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 District Treasurer to introduce the Council's new engagement manager, Simon Mathers, and 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 accountancy services staff to update our understanding of the Council's core business processes, risks and emerging issues around the accounts preparation process for 2013/14.
- February 2014 – EY held a number of public sector accountancy workshops to update key accounting staff on the changing legislative and accounting landscape within local government for 2013/14. Key accountancy services staff attended one of those workshops.
- We continue to liaise with Internal Audit to ensure we can place reliance on its work where possible.

Our work to identify and walk-through the material income and expenditure systems was completed in January 2014. The testing of the controls and critical path of each material system is planned for early April 2014, with reliance being placed on the work of internal audit as appropriate. We will communicate the results of this work to you in our Audit Plan which will be presented to the Corporate 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 Corporate Governance and Audit Committee.

Audit Committee briefing paper

Our sector briefings are one of the ways that we look to support clients. There are separate briefings for different parts of the public sector, and set out our perspective on key current issues and challenges facing those sectors. They are produced with members of audit committees specifically in mind.

Our latest local government sector briefing is attached as an appendix to this progress report. We would be happy to answer any questions you have on the content of the briefing.

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 Corporate 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 Corporate Governance and Audit Committee meeting	Status
High level planning	Ongoing	Audit Fee Letter	June 2013	Completed - Reported to the June 2013 Committee
Risk assessment and setting of scope of audit	Feb – April 2014	Audit Plan	June 2014	Started
Testing of routine processes and controls	Feb – April 2014	Audit Plan	June 2014	Started
Year-end audit	June - August 2014	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	October 2014	Annual Audit Letter	November 2014	-
Grant Claims	September – November 2014	Annual certification report	January 2015	

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