

# Crawley Borough Council

Audit Progress Report

March 2015



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working world



Audit Committee  
Crawley Borough Council  
Town Hall  
The Boulevard  
Crawley  
West Sussex  
RH10 1UZ

March 2015

## **Audit Progress Report – March 2015**


We are pleased to attach our Audit Progress Report

It sets out the work we have completed since our last report to the Audit Committee. The purpose of this report is to provide the Committee with an overview of our plans and progress to date for our 2014/15 audit, and to ensure 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



# Contents

<b>2014/15 audit.....</b>	<b>2</b>
<b>Appendix 1: Timetable 2014/15.....</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.

## 2014/15 audit

### 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 to ensure the 2014/15 audit runs as smoothly as possible and identify any risks at the earliest opportunity.

#### Planning visit

Our work to identify the Council's material income and expenditure systems and to walk through these systems and controls has been in progress during February and will be completed in June, when we next visit the Council. The detailed testing of the controls (where planned) and the early substantive testing of transactions (where possible) will also be completed during these visits.

There are no matters arising from our planning work that we need to bring to your attention at this stage.

We will review Internal Audit's testing of financial systems and, where it is appropriate to do so, we will undertake procedures to enable us to place reliance upon this testing.

#### Post statements visit

We have agreed dates for our audit visit, and will have discussions on the working papers required. We are planning to carry out our post-statements work in June through to mid-July and thereby carry out the audit in a significantly more timely manner than was the case for the 2013-14 audit. We will continue to liaise with officers to achieve this objective.

Our detailed audit plan, setting out the risks we have identified and the work we will undertake in response, is on the agenda to be presented at the Audit Committee in June 2015.

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

We will also review and report to the National Audit Office, to the extent and in the form required by them, on your whole of government accounts return.

### Value for money

The Audit Commission detailed guidance for the 2014/15 value for money conclusion which can be found at:

<http://www.audit-commission.gov.uk/wp-content/uploads/2014/10/08102014-VFM-guidance-2014-15.pdf>.

The arrangements are the same as 2013/14 and focus on corporate performance management and financial management arrangements, with regard to the following criteria and areas of focus, as specified by the Audit Commission:

- ▶ arrangements for securing financial resilience – whether the Council has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future; and

- ▶ arrangements for challenging how it secures economy, efficiency and effectiveness – whether the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Our work supporting our initial value for money risk assessment, informed by the criteria and our responsibilities under the Code, is ongoing, and more detail is included in our Audit Plan which is on the agenda for this Committee.

## **2015/16 Audit Fees**

The Audit Commission has consulted on the proposed work programme and scales of fees for the audit of the accounts for 2015/16. It is proposing to reduce scale fees by a further 25 per cent from 2015/16 for all principal audits including the Council. It does not plan to make changes to the overall work programme. The final work programme and scales of fees will be published during March 2015. Further information can be found at:

<http://www.audit-commission.gov.uk/audit-regime/audit-fees/201516propwpsf/>

The 25 per cent fee reduction has been achieved as a result of a recent procurement exercise to retender the work undertaken under the Commission's older contracts with audit firms, and is on top of the 40 per cent cut in fees made in 2012.

## **2013/14 Grant Certification work**

We have issued our Certification of claims and returns annual report 2013/14, which summarises the results of our work on the Council's claims and returns for 2013/14. This report will be considered at the March meeting of the Audit Committee.

The DWP has written to the Council in response to our qualification letter on the Council's Housing Benefit Claim 2013/14 raising some queries. We will respond to those queries by the date requested by the DWP (12 March 2015).

## Appendix 1: Timetable 2014/15

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 2014/15 Audit Committee cycle. We will provide formal reports to the Audit Committee as outlined below.

Audit phase	EY Timetable	Deliverable	Reported	Status
High level planning	<b>Ongoing</b>	Audit Fee Letter 2014/15	April 2014	Completed
Risk assessment and setting of scope of audit	<b>Jan -Feb 2015</b>	Audit Plan	June 2015	In progress
Testing of routine processes and controls	<b>Feb - March 2015</b>	Audit Plan	June 2015	In progress
Year-end audit	<b>June – July 2015</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	August 2015	Work is planned to start during June 2015 and be completed by mid-July 2015.
Annual Reporting	<b>September 2015</b>	Annual Audit Letter	November 2015	-



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