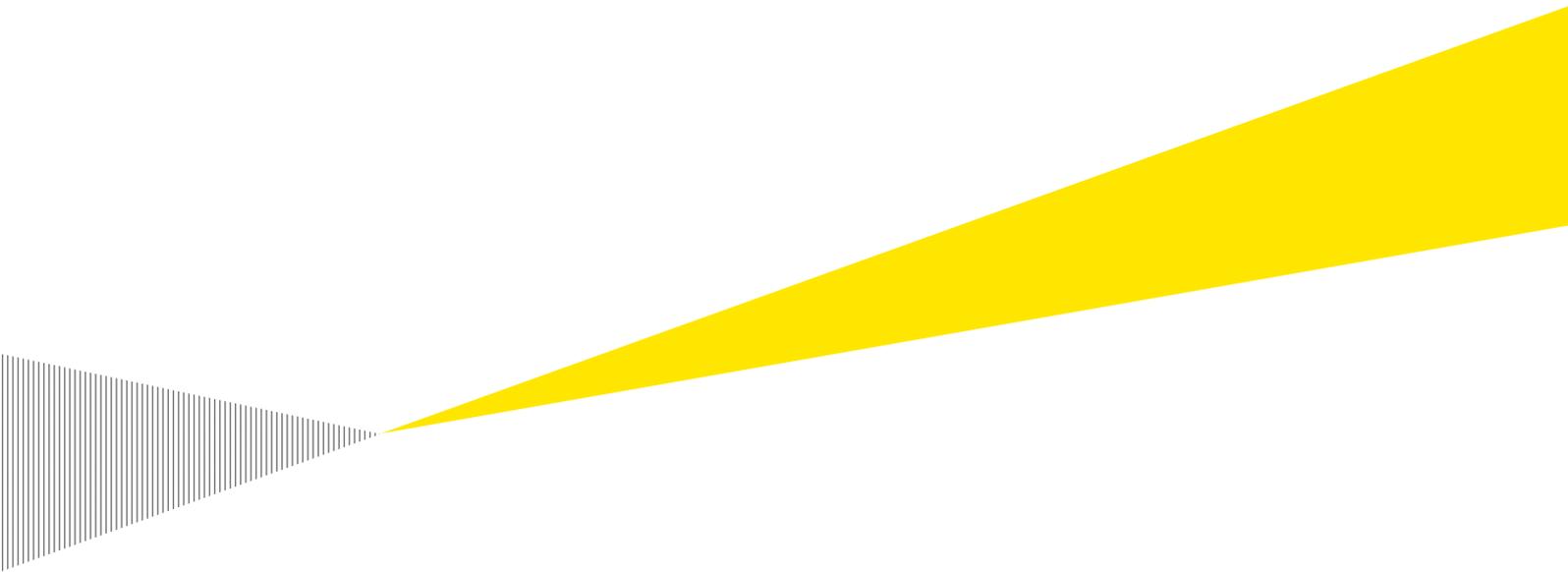


# Central Bedfordshire Council

Year ending 31 March 2016

## Audit Progress Report

13 June 2016



Building a better  
working world

Audit Committee  
Central Bedfordshire Council

13 June 2016

Dear Audit Committee members

## **Audit Progress Report – 2015/16**

We are pleased to attach our Audit Progress Report.

The purpose of this report is to provide the Audit Committee with an overview of the stage we have reached in your 2015/16 audit and ensure our audit is aligned with the Committee's service expectations.

Our audit will be undertaken in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, 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

Neil Harris  
Executive Director  
For and behalf of Ernst & Young LLP  
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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued ‘Statement of responsibilities of auditors and audited bodies 2015-16’. It is available from the Chief Executive of each audited body and via the [PSAA website](http://www.psa.co.uk) ([www.psa.co.uk](http://www.psa.co.uk))

The Statement of responsibilities serves as the formal terms of engagement between 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 ‘Terms of Appointment from 1 April 2015’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. 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

## Audit status

This is our progress report for the 2015/16 audit year. Appendix A is a summary of the key deliverables and progress against these.

## Audit Planning

We audit the Council's Statement of Accounts in accordance with the requirements of the National Audit Office's 2015 Code of Audit Practice, auditing standards and other professional requirements.

At the conclusion of our work, we provide an opinion on whether the financial statements give a true and fair view of the financial position of the Council and of its expenditure for the financial year under audit.

We completed our planning for the 2015/16 audit in March 2016 and have issued our Audit Plan. We have raised a number of significant risks that we will address through our audit work.

Our Audit Plan set out the significant and other risks we identified as part of planning procedures that influenced our audit strategy. The significant risks identified are:

- Revenue recognition
- Management override
- Property, Plant and Equipment valuation
- Private Finance Initiative liability
- Better Care Fund

## Opinion

We have largely completed our walkthroughs of the Council's material financial system which has confirmed our understanding of the systems in place at the Council. We have also met with the finance team to discuss our audit approach and key findings from our interim audit. There are no issues we wish to raise with you as those charged with governance arising from the work carried out to date.

We will be undertaking our audit of the draft financial statements in August and September 2016 and will report our findings in our Audit Results Report at the September meeting.

## Value for money conclusion

As part of our planning procedures, we have considered the significant risks of giving a wrong conclusion. We need to carry out as much work as is appropriate to enable us to give a safe conclusion on arrangements to secure value for money.

We have determined that the financial position of the Council as relevant to our value for money conclusion and as such this has been included as a significant risk in our Audit Plan.

## **Other matters**

Included with these papers is a letter issued by EY LLP to the Council's Chief Executive on the 5<sup>th</sup> May 2016 summarising the External Auditors findings and conclusions into a review of the Council's partnership that it has entered into for legal services. This review was undertaken in response to a number of concerns raised on the Council's procurement process by a whistleblower to the National Audit Office (NAO). The NAO referred these concerns to EY LLP as the Council's External Auditor to consider the matter and respond in accordance with their responsibilities as set out in the NAO's Code of Audit Practice and Local Audit and Accountability Act 2014.

## **Audit Committee Briefing**

Our Audit Committee Briefing is one of the ways that we hope to continue to support you and your organisation in an environment that is constantly changing and evolving.

It covers issues which may have an impact on your organisation, the local government sector and the audits that we undertake.

Links to where you can find out more on any of the articles featured can be found at the end of the briefing, as well as some examples of areas where EY can provide support to new and existing local government bodies.

The current briefing will be circulated to members outside of the meeting. We hope that you find the briefing informative and should this raise any issues that you would like to discuss further please do contact your local audit team.

# Timetable

## Audit and Risk Committee Timeline

We have set out below a timetable showing the key stages of the audit, including the value for money work, and the deliverables we have agreed to provide to you through the 2015/16 Audit Committee cycle.

We will provide formal reports to the Audit Committee throughout our audit process as outlined below. Where required, we will issue an Interim Report, summarising the findings from our audit at that stage. From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit and Risk Committee Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter in order to communicate to the COUNCIL and external stakeholders, including members of the public, the key issues arising from our work.

| Audit phase                               | Timetable                      | Deliverables   |
|---|--------------------------------|--|
| Fee planning                              | <b>April 2015</b>              | Fee Letter   |
| High level planning:                      | <b>January - March 2016</b>    | Audit Plan   |
| Risk assessment and setting of scopes     | <b>January - March 2016</b>    | Audit Plan   |
| Testing of routine processes and controls | <b>January - March 2016</b>    | Interim report (if required)   |
| Value for money conclusion                | <b>August – September 2016</b> |  |
| Year-end audit                            | <b>August – September 2016</b> | Report to those charged with governance (Audit Results Report)<br><br>Audit report<br><br>Whole of Government Accounts Submission to NAO based on their group audit instructions<br><br>Audit completion certificate |
| Reporting                                 | <b>December 2016</b>           | Annual Audit Letter  |

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters through our Audit Committee Briefings.

## Appendix A Audit Progress

*Progress against key deliverables*

| Key deliverable                         | Timetable in plan | Status   | Comments             |
|---|-------------------|----------|----------------------|
| Fee Letter                              | April 2015        | Complete | Issued 31 March 2015 |
| Audit Plan                              | March 2016        | Complete | Issued March 2016    |
| Report to Those Charged with Governance | September 2016    |          |                      |
| Audit Report                            | September 2016    |          |                      |
| Audit Certificate                       | September 2016    |          |                      |
| WGA Submission to NAO                   | September 2016    |          |                      |
| Annual Audit Letter                     | December 2016     |          |                      |

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