

Peterborough City Council
Audit Progress Report

March 2018

14 March 2018



Dear Members of the Audit Committee

This document provides the Committee with a report on the progress of our audit of the Council's 2017/18 statement of accounts and is part of our commitment to ensuring that our audit is aligned with the Committee's service expectations.

Our 2017/18 Audit Plan was presented at the February 2018 committee.

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

Suresh Patel
Associate Partner

For and on behalf of Ernst & Young LLP
United Kingdom



01 Executive Summary



Executive Summary

Audit Planning

In December we completed our planning procedures for the 2017/18 (FY18) audit, comprising:

- ▶ Meetings with key staff to discuss the significant risks facing the Council; and
- ▶ Updating our understanding of the Council and its business.

The work we undertake at the planning stage informs our approach to the opinion audit and our value for money conclusion as set out in our audit plan. We issued the audit plan for discussion with officers in December 2017, and we presented it to the subsequent Audit Committee in February 2018.

The plan included our assessment of the significant risks related to our 2017/18 audit.

Value for money conclusion

As part of our planning procedures, we consider the Council's significant risks in respect of value for money arrangements.

We anticipate that the budget pressures facing the Council will be a significant risk and we will complete appropriate procedures to understand the Council's arrangements for managing the associated risks.

Audit of the statement of accounts

- ▶ We audit the Council's Statement of Accounts in line with the NAO Code of Audit Practice (the Code), the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirement.
- ▶ We presented our audit plan to the Audit Committee in February 2018, which detailed the significant risks related to our opinion audit.

The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the FY18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May 2018 and the publication of the audited accounts by 31 July 2018. As an update to our plan which was presented in February, we no longer consider faster close as a risk at the Council; but it will continue to be an area of additional audit focus.

Following the completion of the FY17 audit we met with the finance team to identify what worked well and areas for improvement. We also agreed areas of focus for supporting the achievement of the earlier deadlines, and we presented at the Council's closure workshop in January.

Our planned interim audit work in January-March 2018, comprised:

- ▶ Undertaking walkthroughs of key financial systems and test of controls where applicable.
- ▶ Early work on valuations and depreciation, accounting policies, month 1 to 9 testing of income and expenditure, payroll sampling, and other areas that the finance team made available for an early audit. We are still completing some work on valuations and depreciation, I&E testing, payroll and capital grants. However we have completed other areas including assessment of the requirement for group accounts, accounting policies, VFM planning and exit packages.
- ▶ Early use of analytics, to enable us to capture whole populations of your financial data, in particular journal entries. Analytics help identify specific exceptions and anomalies which we can then focus substantive audit tests.

We have agreed with the finance team to commence the final accounts audit visit on 14 May 2018.



02 Timetable



Resources and Finance Committee timeline

- ▶ We have set out below a timetable showing the key stages of the audit, including the value for money work and the whole of government accounts, and the deliverables we have agreed to provide to you through the 2017/18 Audit Committee cycle.
- ▶ We will provide formal reports to the Audit Committee throughout our audit process as outlined below. From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit 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 letter	April 2017	Fee letter (issued 20 April 2017)
Planning, risk assessment and setting of scopes	November – December 2017	Audit plan (presented to February 2018 committee)
Walk through of processes, and early accounts audit work	January – March 2018	Interim report (by exception)
Value for money conclusion	March 2018	Interim report (by exception)
Year-end audit	May - June 2018	Audit results report (to those charged with governance) in July 2018. 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). Audit completion certificate Whole of government accounts submission to NAO based on their group audit instructions (deadline still to be confirmed).
Reporting	October 2018	Annual audit letter
Grants reporting	January 2019	Grants Certification report

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