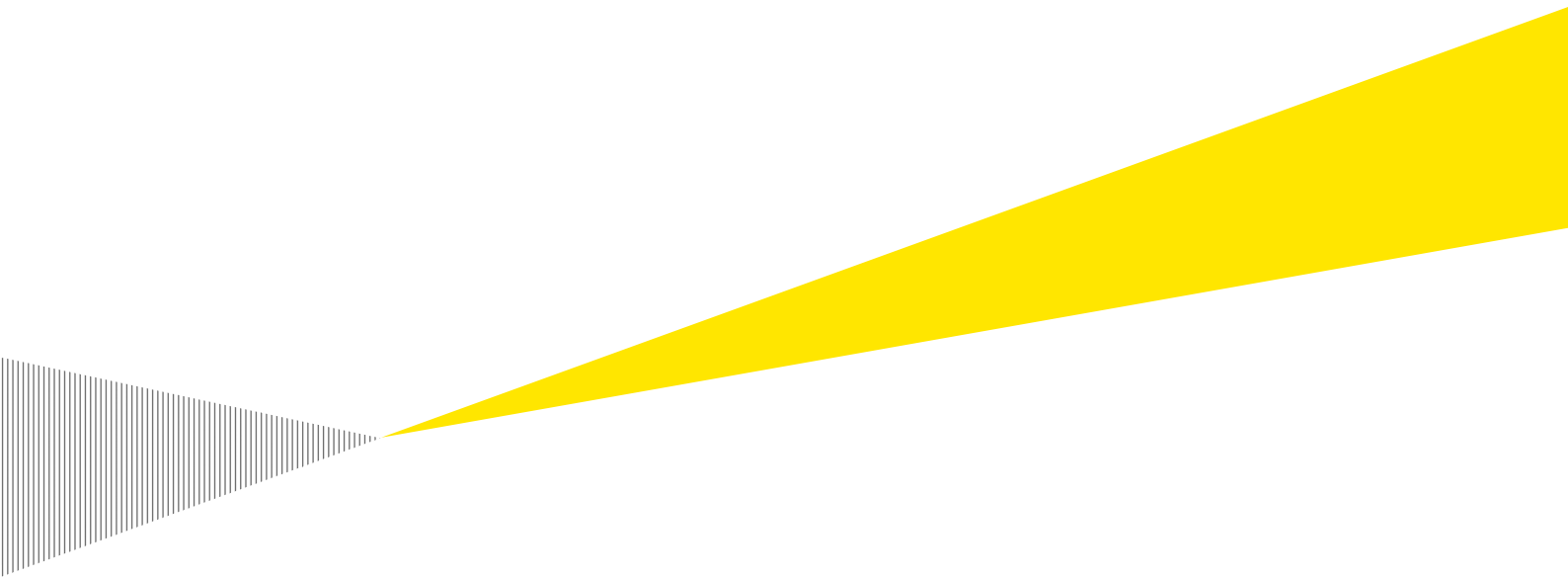


# Reading Borough Council

Audit and Governance Committee Progress Report

July 2016



Building a better  
working world



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21 July 2016

Dear Committee Member

## **Audit Progress Report**

We are pleased to attach our audit progress report. Its purpose is to provide the Committee with an overview of the progress that we have made with the work that we need to complete during the 2015/16 audit. This report is a key mechanism in ensuring that our audit is aligned with the Committee's service expectations. We will bring a progress report to each Committee except for those where we will bring the audit plan or the audit results report.

Our audit is 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

Maria Grindley  
Executive Director  
For and behalf of Ernst & Young LLP  
United Kingdom

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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 ([www.psaa.co.uk](http://www.psaa.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 progress update is prepared in the context of the Statement of responsibilities. It is addressed to the Audit and Governance 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.

## 2015/16 Audit

### Audit Plan

We presented our 2015/16 updated audit plan to the Audit and Governance Committee in April 2016. We will keep the plan under review and will inform you of any changes to our risk assessments and planned work. Our initial review of the financial statements confirms our initial assessments and we will take a substantive testing approach.

### Meetings and progress to date

We continue to have regular meetings with key officers as part of our ongoing audit process.

These have proved beneficial as we have developed our understanding of the financial processes discussed a number of areas of the statements and have already selected our samples for income and expenditure spending and shared these with the Council's finance team.

Our IT team have also reviewed controls around the main financial systems run by the Council and will be shortly concluding on this work. We have shared a report of the initial draft findings with your Head of Finance for review and agreement and following this we will finalise our report.

We have given the Council our samples for the initial Housing Benefit testing and the indications are that a number of potential errors have been identified and we are reviewing these to assess the implications of them for our certification work.

Future meetings include:

- Weekly meetings with key finance staff during the opinion audit visit to discuss issues arising from our audit; and
- Quarterly meetings with the Head of Finance and Managing Director to discuss current issues faced by the Council and progress with the audit.

### Audit and Governance Committee

If members of the Audit and Governance Committee have any particular issues they want to discuss with us we would be pleased to discuss these with you.

## 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 2015/16 Audit and Governance Committee cycle.

Audit phase	EY Timetable	Deliverable	Reported	Status
High level planning	<b>Ongoing</b>	Audit Fee Letter	April 2015	Completed
Risk assessment and setting of scope of audit	<b>Dec 2015 - January 2016</b>	Audit Plan (updated)	April 2016	Completed
Testing of routine processes and controls	<b>Feb - March 2016</b>	Progress Report	July 2016	Completed
Year-end audit	<b>June - September 2016</b>	Audit results report to those charged with governance. Audit report (including our opinion on the financial statements and a conclusion on your arrangements for securing economy, efficiency and effectiveness in your use of resources). Whole of Government Accounts Submission to NAO based on their group audit instructions. Audit Completion certificate.	September 2016	Work is planned to start the week commencing 11 July and aim to complete our audit work by 19 August 2016.
Reporting	<b>October 2016</b>	Annual Audit letter	October 2016	Not yet due
Housing benefit	<b>September - November 2016</b>	Certification of claim	November 2016	Not yet due
Grant claims report	<b>December 2016</b>	Grant claims report	December 2016	Not yet due

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