

# Audit and Governance Committee Update Herefordshire Council Progress Report and Update Year ended 31 March 2017

April 2017

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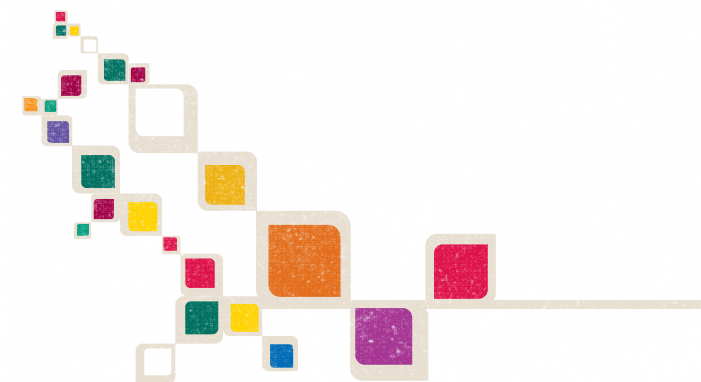
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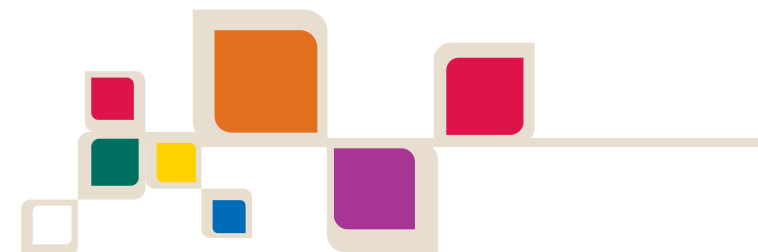
# Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

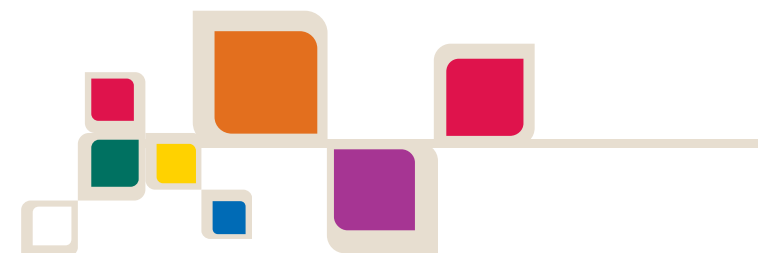


# Progress at March 2017



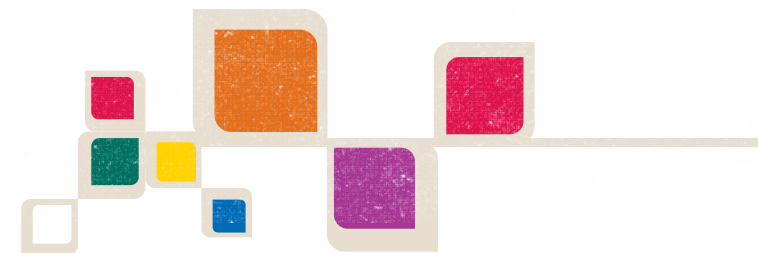
2015/16 work			
	Planned date	Complete?	Comments
<b>Audit of claims:</b>			
Housing Benefits	November 2016	Yes	The audit of housing benefit is completed under the PSA contract. Separate engagement letters are agreed for the other 2 claims. We are required to report our findings from this work and this is summarised in the certification letter brought to the April Committee.
Skills funding agency	December 2016	Yes	
Teachers pension	November 2016	Yes	
2017/18 work			
	Planned date		
<b>Fee Letter</b>			
Audit Fee letter	April 2017	Yes	The Fee letter refers to the indicative audit fee set by PSAA for the financial year 2017/18. This is the last year of our appointment to Herefordshire Council, under the current contract.
2016/17 work			
	Planned Date	Complete?	Comments
<b>Fee Letter</b>			
We are required to issue a 'Planned fee letter for 2016/17' by the end of April 2016.	April 2016	yes	
<b>Accounts Audit Plan</b>			
We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2016-17 financial statements.	March 2017	yes	Included in the pack to the March Audit and Governance Committee

# Progress at March 2017



2016/17 work (continued)	Planned Date	Complete?	Comments
<p><b>Interim accounts audit</b></p> <p>Our interim fieldwork visit plan included:</p> <ul style="list-style-type: none"> <li>• updated review of the Council's control environment</li> <li>• updated understanding of financial systems</li> <li>• review of Internal Audit reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> <li>• Value for Money conclusion risk assessment.</li> </ul>	<p>February and March 2017</p>	<p>In progress</p>	<p>We have completed most of the areas planned to be completed at interim.</p> <p>As the final accounts deadline comes forward in 2017/18 and beyond, it is increasingly important that we bring forward some of our final accounts testing to the interim stage. We had agreed to complete testing up to month 9 of transactions in key areas including operating expenses, revenues, payroll and fixed assets and in the main this was achieved.</p> <p>There are however some areas of PPE where we were unable to complete the work as planned. Changes in senior personnel has meant that some key assumptions have altered during the period of our interim work. Whilst this may often be the case in a period of transition, it has impacted the planning of our interim work. We have been seeking clarity around the Council's policies on: asset lives; classification of investment properties and the method to be adopted to ensure a correct valuation and disclosure of assets marketed for sale in April 2017. We are also awaiting further information to support the overall valuation of PPE.</p> <p>We have now agreed a way forward with your new Chief Finance Officer, including a timetable for these matters to be resolved and a specification of the information to be provided to support the year end position.</p>

# Progress at March 2017



2016/17 work	Planned Date	Complete?	Comments
<p><b>Final accounts audit</b></p> <p>Including:</p> <ul style="list-style-type: none"> <li>audit of the 2016/17 financial statements</li> <li>proposed opinion on the Council's accounts</li> <li>proposed Value for Money conclusion</li> <li>review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16</li> </ul>	June / July 2017	No	<p>We have prepared a detailed list of working paper requirements to support the final accounts audit and have discussed this with your finance team. Your team have agreed that these will be available on the first day of the onsite visit.</p> <p>We have agreed dates for progress updates with key officers prior to our onsite visit and weekly thereafter until completion of our work.</p>
<p><b>Value for Money (VfM) conclusion</b></p> <p>The scope of our work is unchanged to 2015/16 and is set out in the final guidance issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".</p> <p>The guidance confirmed the overall criterion as; "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> <li>Informed decision making</li> <li>Sustainable resource deployment</li> <li>Working with partners and other third parties</li> </ul>	July 2017	No	<p>We have completed our initial risk assessment and this was reported in the audit plan.</p> <p>Our work on the detailed risk assessment is currently ongoing. The findings from our detailed risk assessment will be reported in the audit findings report.</p>
<p><b>Other areas of work</b></p> <p>Meetings with Members, Officers and others</p>	ongoing	ongoing	



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