

Bracknell Forest Council

Progress Report to the Audit Committee

23 January 2015



Building a better
working world

Members of the Governance and Audit Committee
Bracknell Forest Council
Easthampstead House
Town Square
Bracknell
Berkshire
RG12 1AQ

28 January 2015

Audit Progress Report – 2014/15

We are pleased to attach our Audit Progress Report.

This report summarises the planned work for the 2014/15 audit and the work undertaken to date. Its purpose is to provide Members of the Governance and Audit Committee with an overview of the stages for the 2014/15 audit and ensure our audit is aligned with the Committee's service expectations.

Our audits are 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 audits.

Yours faithfully



Helen Thompson
Ernst & Young LLP
United Kingdom
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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.

2013/14 audit

Annual audit letter

The annual audit letter summarised the outcome of our work for the 2013/14 audit. This is included as a separate item on today's agenda.

Grant certification report

The 2013/14 report on our grant certification work which summarises the results of our work on the Council's 2013/14 claims and returns is also included as a separate item on today's agenda.

2013/14 Audit Scale Fee – late variation

We issued our audit results report on 24 September 2014, and we reported the final audit fees, as required by the Audit Commission within that report.

The Audit Commission has recently consulted on a supplement to the 2014/15 audit scale fees. Following that consultation, the Audit Commission has applied a permanent variation of £1,070 to the base scale fee. This reflects the additional audit procedures required to gain sufficient audit assurance around business rate income and expenditure within the Collection Fund.

The Audit Commission has now acknowledged that auditors were required to undertake these additional audit procedures to be able to gain assurance for the 2013/14 financial statements opinion. Indeed, business rates were included as an audit risk within our Audit Plan. In recognising that this applies equally to 2013/14, the Audit Commission has asked us to agree a scale fee variation of £1,070 to that audit fee with you.

The revised final scale fee in respect of the 2013/14 audit is set at £139,634 compared to the original scale fee of £138,564.

2014/15 audit

2014/15 Financial statements

We are required to give an audit opinion on whether the financial statements of Bracknell Forest Council give a true and fair view of its financial position as at 31 March 2015 and of the income and expenditure for the year then ended.

We adopt a risk based approach to the audit and as part of our ongoing continuous planning we continue to meet key officers and other stakeholders. The timing of each stage of the audit is shown at the end of this report.

2014/15 Value for money assessment

We are required to give a statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness. The Audit Commission has two specified criteria for the value for money conclusion for the 2014/15 audit. Our work will therefore focus on:

- ▶ 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 securing economy, efficiency and effectiveness - whether the Council is prioritising resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

2014/15 Audit Plan

We will include the risks associated with the Council's financial statements and the value for money assessment in our Audit Plan which we will present to the Audit Committee in March 2015.

Future of Local Audit

Consultation on Local Audit Regulations

As part of its consultation on Local Audit Regulations associated with the Local Audit and Accountability Act, which ended on 18 July 2014, the government is proposing to bring forward the dates for the accounts to be signed and certified by the Responsible Financial Officer, then approved and published, from 30 June and 30 September respectively to 31 May and 31 July respectively. They propose that this change would take place from the 2017/18 accounts, but hope that audited bodies will move to the new timetable as soon as possible.

The consultation also covered collective auditor procurement by a specified person. Under the intended regulations, authorities would be able to opt in to sector-led procurement arrangements, and have an auditor appointed on their behalf, rather than appointing their own auditor locally. Under the draft regulations, the Secretary of State may specify the Appointing Person, and may specify different appointing persons for different groups or types of audited bodies. The outcome of the consultation is expected to be released shortly.

Redistribution of the work of the Audit Commission

The arrangement to redistribute the work of the Audit Commission, and transferring Commission staff into the successor bodies, will secure the ongoing impact of the Commission's core work for the public sector. It will also ensure that the Commission's legacy is more than just financial.

From 1 April 2015 a transitional body, Public Sector Audit Appointments Limited (PSAA), an independent company set up by the Local Government Association, will oversee the Commission's audit contracts until they end in 2017 (or 2020 if extended by the Department for Communities and Local Government). PSAA's responsibilities will include setting fees, appointing auditors and monitoring the quality of auditors' work. The responsibility for making arrangements for housing benefit subsidy certification and for publishing the Commission's value for money profiles tool will also transfer to the PSAA.

Responsibilities for publishing the statutory Code of Audit Practice, guidance for auditors and local value for money studies will transfer to the National Audit Office. Responsibility for the National Fraud Initiative will transfer to the Cabinet Office.

Audit fee consultation for 2015/16

In its last full year of operation before being officially wound down on 31 March 2015, the Audit Commission has announced that it is reducing audit fees by approximately £30 million between 2015 and 2017. If the government decides to extend and lock in the 2012 and 2014 audit contracts until 2020, it is expected that the total value of savings to local government, police, fire and NHS bodies would be approximately £440 million.

The announcement came as the Commission launched its final consultation on work programme and scales of audit fees. These relate to the 2015/16 financial year. The fees will reduce by 25 per cent, following the Commission's successful retendering in March 2014 of the work done under its older contracts. The latest reduction is in addition to the 40 per cent drop in fees made by the Commission in 2012.

In addition to the above savings, the Commission also intends to return approximately £6 million as a rebate to Local Government and NHS bodies in 2014/15.

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

Audit phase	EY Timetable	Deliverable	Associated Audit Committee	Status
Notification of audit fee	April 2014	<ul style="list-style-type: none"> Audit Fee Letter 	July 2014	Completed
High level planning, risk assessment and setting of scope of audit	January - March 2015	<ul style="list-style-type: none"> Audit Plan 	March/June 2015	Ongoing
Testing of routine processes and controls	January - March 2015	<ul style="list-style-type: none"> Audit Plan 	March/June 2015	
Year-end audit	July - August 2015	<ul style="list-style-type: none"> 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 their use of resources) Whole of Government Accounts Submission to NAO based on their group audit instructions Audit Completion certificate 	September 2015	
Annual Reporting	October 2015	<ul style="list-style-type: none"> Annual Audit Letter 	January 2016	

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