



PLYMOUTH CITY COUNCIL

External Audit Progress Report

June 2016

INTRODUCTION

This report is intended to provide the Audit Committee with an update of our audit work for 2015/16.




Auditors' principal objectives are to review and report on, to the extent required by the relevant legislation and the requirements of the Code of Audit Practice for Local Government, the audited body's:

- financial statements
- arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are also required to certify specified grant claims and returns as directed by Public Sector Audit Appointments Ltd.

We will assess whether the arrangements put in place by the Council will allow us to complete our work by the expected deadlines and whether there are any issues that are likely to have a significant impact on our ability to provide unmodified audit reports and opinions.





This will be included as a "RAG" assessment in the report. We have yet to perform any substantive work at the Council and therefore the green rating against each area is an initial assumption that will need to be confirmed as part of our interim work.

ASSESSMENT		EXPLANATION
RED		Unlikely to be able to meet reporting deadlines, significant concerns over governance or finance, or expected modification of audit report or opinion.
AMBER		Some concerns around meeting reporting deadlines, some concerns over governance or finance, or potential risk of modification of audit report or opinion.
GREEN		On target to meet deadlines and no current concerns over governance or finance.




Additional work agreed with the Council


We have agreed to review the accounting treatment of the Energy to Waste PFI. A letter setting out our preliminary conclusion that we did not disagree with the Council's view that the asset should go onto the Council's balance sheet was sent to the Council in May. We have agreed a fee for the work of £10,000. This will also include audit of the relevant entries in the Council's financial statements.

AUDIT PROGRESS

AUDIT AREA	SCOPE	PROGRESS	OUTPUTS / DATE	RAG
PLANNING				
Audit plan	We are required to report to you the results of our audit planning, our risk assessment and the proposed audit response to significant audit risks ahead of commencement of the audit work.	We have had meetings with the Director of Finance and the Finance Team. We have discussed audit deliverables and timetables. We have undertaken detailed planning work in December and have prepared an audit plan issued to the Audit committee in March 2016.	<p>Planning Letter 2015/16</p> <p>Issued April 2015 and reported to the Audit Committee on 25 June 2015. This set out our audit fees for the year</p> <p>Audit Plan 2015/16</p> <p>Issued to the Audit Committee on 24 March 2016.</p>	
ACCOUNTS				
Review of internal controls	Audit of the significant financial systems that support the financial statements to be completed before draft accounts are prepared.	This was covered as part of our planning and interim work in December/January. Testing was carried out on the controls to confirm they are operating in line with expectations. There were no issues arising from the review of financial systems, which has been fed back to the Finance Team.	<p>The results of this work have been taken into account in directing our audit strategy for the audit of the financial statements.</p> <p>No recommendations have arisen based on the work undertaken at the planning stage of the audit..</p>	
Financial statements audit	<p>Audit of the draft financial statements to determine whether they give a true and fair view of the Council's financial affairs and the income and expenditure for the year.</p> <p>Deadline for issue of audit opinion and publication of the statement of accounts is 30 September 2016, although we are working towards a deadline of 31 August 2016.</p>	The scope of the audit and risk assessment will be revisited following our review of the effectiveness of internal controls and review of the draft financial statements. The final audit work commenced on 13 June 2016. We are currently progressing as expected, with no significant issues arising to date.	<p>Audit findings and conclusions being reported in the Final Report to the Audit Committee on 17 September.</p> <p>Target issue date August 2016.</p> <p>Opinion on the financial statements</p> <p>Target issue date August 2016.</p>	
Whole of government accounts audit	<p>Audit of the consolidation pack for consistency with the audited statement of accounts.</p> <p>Consolidation pack opinion - deadline 2 October 2016.</p>	To be completed in August 2016.	<p>Opinion on the WGA Consolidation Pack</p> <p>Target date 2 October 2016.</p>	

AUDIT PROGRESS

AUDIT AREA	SCOPE	PROGRESS	OUTPUTS / DATE	RAG
USE OF RESOURCES				
Review of arrangements to secure economy, efficiency and effectiveness	<p>Review of use of resources based on:</p> <ul style="list-style-type: none"> proper arrangements in place for securing financial resilience proper arrangements for challenging how the Council secures economy, efficiency and effectiveness. <p>Conclusion to be given alongside the accounts opinion by the deadline of 30 September 2016 (target end August 2016)</p>	<p>Throughout the year we will have regular liaison meetings with management to discuss any significant concerns in relation to the use of resources. We will also review and take in to consideration results of inspections and reviews carried out by other regulators. Detailed work commenced in June 2016.</p>	<p>Audit findings and conclusions will be reported in the Final Report to the Audit Committee on 17 September.</p> <p>Target issue date August 2016.</p> <p>VFM conclusion</p> <p>Target issue date August 2016.</p>	
REPORTING				
Annual Audit Letter	<p>Public-facing summary of audit work and key conclusions for the year. To be finalised by 31 October 2016.</p>	<p>This will follow completion of the Audit.</p>	<p>Annual Audit Letter</p> <p>Target issue date October 2016.</p>	
GRANTS CERTIFICATION				
Grants and returns	<p>To audit and submit grant claims and returns by the relevant deadlines.</p>	<p>Work in progress.</p>	<p>All grants claims and returns to be audited in line with the agreed timetable and deadlines.</p>	
Grants Report	<p>Summary of our certification work completed on 31 March 2016 claims, to be issued by December 2016</p>	<p>To be drafted after certification work concluded.</p>	<p>Grants Report to those charged with governance to be issued by December 2016.</p>	



The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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