

# South Derbyshire District Council

Annual Audit Letter for the year ended 31 March 2017

20 October 2017

Ernst & Young LLP

## Contents

<b>Executive Summary</b> .....	<b>2</b>
<b>Purpose</b> .....	<b>5</b>
<b>Responsibilities</b> .....	<b>7</b>
<b>Financial Statement Audit</b> .....	<b>10</b>
<b>Value for Money</b> .....	<b>16</b>
<b>Other Reporting Issues</b> .....	<b>20</b>
<b>Focused on your future</b> .....	<b>24</b>
<b>Appendix A    Audit Fees</b> .....	<b>27</b>

Public Sector Audit Appointments Ltd (PSAA) have issued a "Statement of responsibilities of auditors and audited bodies". It is available from the Chief Executive of each audited body and via the PSAA website ([www.psa.co.uk](http://www.psa.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 (updated 23 February 2017)" 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 Annual Audit Letter 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.

A hand holding a blue pen is writing on a document. In the background, there is a calculator, a laptop, and a white mug. The scene is set on a desk with a window in the background.

## Executive Summary

## Executive Summary

We are required to issue an annual audit letter to South Derbyshire District Council (the Council) following completion of our audit procedures for the year ended 31 March 2017.

Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
<b>Opinion on the Council's:</b> ▶ Financial statements	Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2017 and of its expenditure and income for the year then ended
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts
<b>Concluding on the Council's arrangements for securing economy, efficiency and effectiveness</b>	We concluded that Council has not put in place proper arrangements to secure value for money in its use of resources as our work identified that there are weaknesses in the arrangements to work with partners and other third parties, specifically in relation to process and controls to procure supplies and services effectively to support the delivery of strategic priorities. Further details relating to value for money work are detailed at page 15.
<b>Reports by exception:</b>	
▶ Consistency of the Annual Governance Statement (AGS)	Our review of the draft AGS identified some inconsistencies with our knowledge of the Authority. These were communicated with management and the required amendments have been agreed. Further details relating to the initial findings are detailed on page 20.
▶ Public interest report	We had no matters to report.
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.
<b>Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).</b>	The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 20 September 2017.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 21 September 2017.

We will also issue a report to the Audit-Sub Committee meeting on 14 February 2018 summarising the certification work we have undertaken for 2016/17.

We would like to take this opportunity to thank Council Officers and staff for their assistance during the course of our work.

Steve Clark

Partner  
For and on behalf of Ernst & Young LLP

Purpose



## Purpose

### **The Purpose of this Letter**

The purpose of this annual audit letter is to communicate to Elected Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2016/17 Audit Results Report to the 20 September 2017 Audit-Sub Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.





# Responsibilities



## Responsibilities

### Responsibilities of the Appointed Auditor

Our 2016/17 audit work has been undertaken in accordance with the Audit Plan that we issued on 15 February 2017 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
  - ▶ On the 2016/17 financial statements; and
  - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
  - ▶ If the AGS is misleading or not consistent with our understanding of the Council;
  - ▶ Any significant matters that are in the public interest;
  - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
  - ▶ If we have discharged our duties and responsibilities as established by thy Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on you Whole of Government Accounts return. The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the return.

## **Responsibilities of the Council**

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement. In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

# Financial Statement Audit



## Financial Statement Audit

### Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report 21 September 2017.

Our detailed findings were reported in our Audit Results Report to the 20 September 2017 Audit-Sub Committee.

The key issues identified as part of our audit were as follows:

Significant Financial Statement Risks	Audit procedures performed	Assurance gained
<p><b>Management override of controls</b> As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and to prepare fraudulent financial statements by overriding controls that otherwise seem to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements.</p> <ul style="list-style-type: none"> <li>▶ We reviewed accounting estimates for evidence of management bias.</li> <li>▶ We evaluated the business rationale for any significant unusual transactions.</li> <li>▶ We reviewed capital expenditure on property, plant and equipment (PPE) to ensure it meets the relevant accounting requirements to be capitalised.</li> </ul>	<ul style="list-style-type: none"> <li>▶ We tested a sample of manual journals using our data analytics interrogation tool to focus on the specific areas of risk. These included journals;                             <ul style="list-style-type: none"> <li>• With no description</li> <li>• Reducing expenditure</li> <li>• Increasing revenue</li> </ul> </li> </ul> <p>Our work did not identify any matters to report to you.</p> <ul style="list-style-type: none"> <li>▶ We did not identify any significant unusual or unexpected transactions.</li> <li>▶ Our review of specific significant estimates has not identified any matters to report.</li> <li>▶ Our testing of PPE additions confirmed the expenditure had been capitalised in accordance with relevant accounting standards.</li> <li>▶ We reviewed the accounting adjustments processed and disclosed in the Movement in Reserves Statement.</li> </ul>

Significant Financial Statement Risks	Audit procedures performed	Assurance gained
<p><b>Revenue and expenditure recognition</b></p> <p>Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue.</p> <p>In this public sector this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by manipulating expenditure recognition.</p>	<ul style="list-style-type: none"> <li>▶ We reviewed and tested revenue and expenditure recognition policies.</li> <li>▶ We reviewed and discussed with management any accounting estimates on revenue and expenditure for evidence of bias.</li> <li>▶ We developed a strategy to test material revenue and expenditure streams; and</li> <li>▶ Reviewed and tested revenue and expenditure cut-off at the period end date.</li> </ul>	<ul style="list-style-type: none"> <li>▶ We did not identify any issues from our review of the accounting policies or evidence of management bias in accounting for estimates.</li> <li>▶ Our substantive testing of income and expenditure has not identified any matters.</li> <li>▶ No issues have been identified from our cut-off transaction testing.</li> </ul>
Other Financial Statement Risks	Audit procedures performed	Assurance gained
<p><b>Valuation of Property, Plant and equipment</b></p> <p>The Council's land and buildings, including the housing stock, totalled £113m at 31 March 2016, representing 85% of the total asset base.</p> <p>The valuation of land and buildings is subject to a number of assumptions and judgements and even a small movement in these assumptions could have a material impact on the financial statements.</p>	<p>We tested the revaluation cycle, including the instructions to, and completeness of, information provided to the Council's external valuer.</p> <ul style="list-style-type: none"> <li>▶ We reviewed the classification of assets and assessed how the Council has determined that the correct valuation methodology has been applied by the expert.</li> <li>▶ We considered the approach adopted by the external valuer and their findings.</li> <li>▶ Considered the valuation implications of the planned move to the newly acquired depot.</li> </ul>	<p>We tested a sample of revaluations and concluded that the correct accounting treatment had been made to the financial statements.</p> <ul style="list-style-type: none"> <li>▶ We were satisfied that the valuer had received sufficient and relevant information to complete their work.</li> <li>▶ We found that the valuation methodologies were appropriate for the class of asset valued.</li> <li>▶ There were no issues arising from our review of the valuation to the new depot.</li> <li>▶ We were satisfied that the revaluation gain of £13m was as a result of the change in the valuations of discount factor used for valuation of social housing increasing from 34% to 42%.</li> </ul>
<p><b>Valuation of the Local Government pension scheme (LGPS) liability</b></p>	<ul style="list-style-type: none"> <li>▶ We reviewed the output of the report from the Administering Council's actuary.</li> </ul>	<p>We obtained assurance from the pension fund auditor that proper</p>



<p>Funding of the Council's participation in the LGPS) will continue to have an impact on both cash flows and balance sheet liabilities. The pension scheme liability is the most significant liability on the Council's balance sheet and is calculated through use of a number of actuarial assumptions. A small movement in these assumptions could have a material impact on the balance sheet.</p>	<ul style="list-style-type: none"> <li>▶ We reviewed the assumptions used by the actuary to determine whether they are in our expected range.</li> <li>▶ We tested the journal entries for the pension transactions to check that they have been appropriately processed in the financial statements.</li> </ul>	<p>arrangements are in place to support and administer the pension fund.</p> <ul style="list-style-type: none"> <li>▶ We engaged an independent expert to review the assumptions and estimates used by the fund Actuary for reasonableness.</li> <li>▶ We reviewed the pension fund disclosures in the financial statements to confirm consistency with the report of the fund actuary and that the accounting treatment met the requirements of IAS 19.</li> </ul>
<p><b>Financial statements presentation</b> Amendments have been made to the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the code) this year changing the way the financial statements are presented. The new reporting requirements impact on CIES and the movement in Reserves Statement, an includes the introduction of the new EFA note as a result of 'Telling the story' review of the presentation of the local authority financial statements. The code no longer requires statements or notes to be prepared in accordance with the service code of practice (SeRCOP). Instead the code requires that the service analysis is based on the organisational structure under which the Council operates. We expect this to show the Council's segmental analysis. This change in the Code will require a new structure for the primary statements (CIES) and notes and a full retrospective restatement of impact primary statements. The restatement of the 2015/16 comparatives will requires audit review, which could potentially incur additional costs, depending on the</p>	<p>We reviewed the EFA, CIES and new notes to ensure that the disclosures are in line with the Code.</p> <ul style="list-style-type: none"> <li>▶ We reviewed the analysis of these figures are derived, how the ledger system has been remapped to reflect the Council's organisational structure and how overheads are apportioned across the service areas are reported.</li> <li>▶ We agreed the restated comparative figures back to the Council's segmental analysis and supporting working papers.</li> </ul>	<ul style="list-style-type: none"> <li>▶ We found that there were some disclosures for the EFA which had not been completed.</li> <li>▶ We have confirmed that the presentation of the CIES and EFA is consistent to the Council's organisation structure and the quarterly budget monitoring reports.</li> <li>▶ Our review of the entries in the CIES and EFA were consistent to the Council's financial ledger and supporting working papers.</li> </ul>

complexity and manner in which the changes are made.

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The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

## Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	We determined planning materiality to be £0.920 million (2015/16: £0.880 million), which is 2% of operating expenditure which was reassessed and adjusted to £0.900k using the actual year-end figures in the draft financial statements. We consider operating expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.
Reporting threshold	We reported to Audit-Sub Committee that we would report to the Committee all audit differences in excess of £0.46 million (2015/16: £0.44 million)

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- Remuneration disclosures including any severance payments, exit packages and termination benefits. For these areas we have set a materiality level to the extent any error may change the relevant reported bandings.
- Related party transactions. For any errors identified we would concept of materiality of the transaction and balance as would be relevant to the related individual or organisation.
- Members allowances

- External audit fees

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

A close-up, shallow depth-of-field photograph of a stack of coins. The coins are stacked vertically, with some showing their edges and others showing their faces. The lighting is warm, highlighting the metallic texture and the ridges on the edges. A bright yellow rectangular box is overlaid on the left side of the image, containing the text "Value for Money".

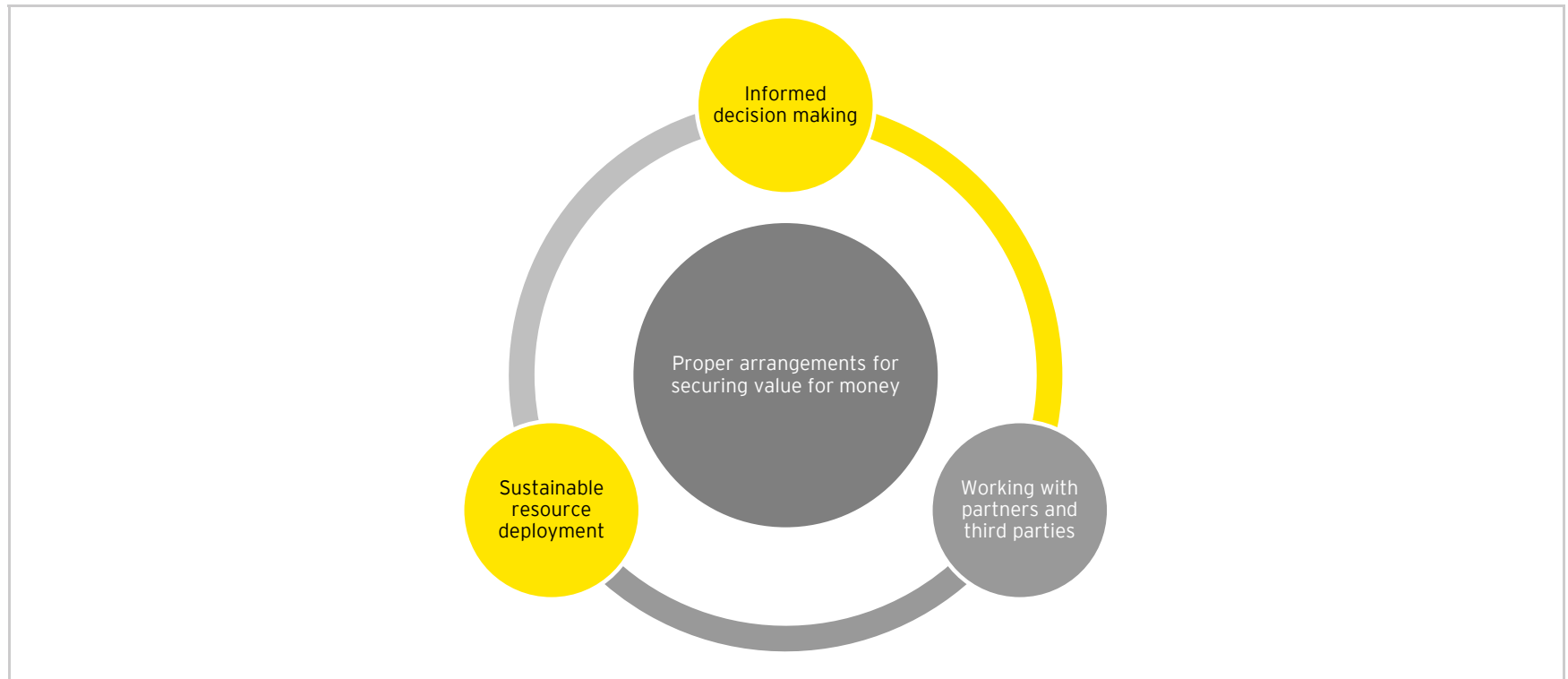
Value for Money

## Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.





We identified two significant risks in relation to these arrangements. The table below present the findings of our work in response to the risks identified and any other significant weaknesses or issues to bring to your attention.

We have performed the procedures outlined in our audit plan and the table below confirms the results of our work. The issues identified evidence of weakness in proper arrangements for procuring services effectively to support the delivery of strategic priorities which resulted in the Council being issued with a qualified value for money conclusion in relation to working with partners.

Significant Risk	Our audit approach	Our findings
<p><b>Procurement and related issues in the Housing and Environmental Services Directorate</b></p> <p>This affects the Council's arrangements to working with partners and other third parties specifically in relation to contractual arrangements for procuring supplies and services effectively to support the delivery of strategic priorities.</p> <p>The Authority is currently investigating issues identified with respect to procurement related matters and other procedures within the Housing and Environmental Services Directorate.</p> <p>The Housing and Environmental Services department is a material part of the Council's business. Control weaknesses in procurement are considered material to our Value for Money conclusion.</p> <p>This issues being investigated create a significant risk to our value for money conclusion with respect to the Council's ability to take informed decisions.</p>	<p>We reviewed the outcomes of investigations undertaken by Internal Audit.</p> <ul style="list-style-type: none"> <li>▶ We reviewed the outcome of investigations undertaken by the Director of Finance.</li> <li>▶ We reviewed the output of legal advice sought by the Authority in relation to the issues identified.</li> <li>▶ We have understood the extent of any identified failings in internal control, and the extent speed to which the Authority has moved to correct these.</li> </ul>	<p>Our work has revealed that the Council has been operating without signed contracts in place in the Housing, Waste and Leisure services directorates. Furthermore, documentation to support procurement decisions undertaken by the Housing and Environmental Services departments is weak or non-existent, putting the Council at risk of legal challenge.</p> <p>In addition, the Council's contract register is incomplete and poorly managed, increasing the operational risk of contract compliance requirements not being met and expenditure being incurred outside of contractual arrangements.</p>

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**Securing Financial Resilience**

The arrangements affected are deploying resources in a sustainable manner  
In its latest medium term financial plan, the Council has identified it will experience budget deficits from 2018/19 to 2021/22 with the general fund depleting to just over the £1 Million (m) minimum level by 2021/22.  
Going forward the Council will need scrutinise its financial plans to achieve base budget savings of £0.850m ahead of 2018/19.

- ▶ We reviewed the MTFS including the adequacy of the major assumptions.
- ▶ We reviewed the Council's arrangements to develop robust savings plans to address the future financial challenges.

2016/17 has seen the Council further its established track record of delivering budget surpluses and prudently increasing its level of reserves. The revenue budget set by the Council in February 2016 forecast a surplus on the general fund of £1.198m. The final outturn for 2016/17 resulted in the Council in exceeding this target with a final outturn of £1.780m.  
However, in the latest update of the MTFS, from 2018/19 the Council Revenue budget shows a projected deficit of £0.852m which increases to £2.069m by 2021/22. This consequently requires the Council to rely on the use of reserves which will see the level fall from £7.141m to £1.110m across the same four year period. Whilst we are assured that the Council has effective arrangements in place for the 2016/17 financial year to ensure that resources are deployed in a sustainable manner, officers and members will need to focus in the coming year on the following;

- ▶ Review and challenge current service delivery models to reduce expenditure.
- ▶ Formulate savings and efficiency plans; and
- ▶ increase existing or identify new sources of income

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## Other Reporting Issues

## Other Reporting Issues

### Whole of Government Accounts

The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

### Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and identified a small number of areas where further disclosure was required to reflect the position at the Council. We can confirm Management has made the required changes.

### Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

### Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

### Objections Received

We did not receive any objections to the 2016/17 financial statements from member of the public.

### Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

## Independence

We communicated our assessment of independence in our Audit Results Report to the Audit-Sub Committee on 20 September 2017. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

## Control Themes and Observations

We have adopted a fully substantive approach and have therefore not tested the operation of controls. We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in the financial statements, we have identified the following control deficiencies in the table below.

Matter arising	Impact
<p><b>Related parties transactions and declaration of interest</b></p> <p>We reviewed the Council's arrangements to capture and evaluate declarations of interest for senior managers and elected members.</p> <p>We identified that three members had not complied with the Council's procedures</p>	<p>We undertook further checks for the three members and were satisfied that there were no undisclosed material related party transactions.</p>
<p><b>Payroll matter</b></p> <p>Payroll data analytics identified that deductions of national insurance for one employee were not being made on a monthly basis.</p>	<p>We confirmed with the Council that this matter arose from a payroll system error. The Council had also identified this matter and paid HMRC a lump sum payment on behalf of the employee. The Council had set-up a repayment arrangement to recover the outstanding amount through monthly deductions.</p> <p>We were satisfied with the Council's additional checks to conclude that this was an isolated error but noted that the repayment agreement had not been signed by the employee.</p>



## Other audit matters

The Audit Results Report also communicated the following matters to the Audit-Sub Committee.

Matter arising	Impact
<p><b>Provisions - National non-domestic rates (NNDR) appeals</b>                      We reviewed the methodology to assess and calculate the provision for NNDR appeals identified the following matters;</p> <ul style="list-style-type: none"> <li>▶ there were four appeals where there was more than one provision for the same case thereby double-counting and overstating the total liability on which the provision was calculated. Our recalculation resulted in the four cases being overstated by £46k, which is not material to the financial statements; and</li> <li>▶ Where appeals had either been withdrawn or successful, the initial calculation had not been reflected where the provision was released or utilised.</li> </ul>	<p>We have reviewed the Council's recalculation of the provision and are satisfied that there is no material impact on the financial statements.</p> <p>Management has agreed to review its arrangements to calculate the provision for 2017/18.</p>
<p><b>Journals without descriptions</b>                      We identified that there were 13 journals where the journal description field was blank.</p>	<p>We noted that there was a compensating control which requires the Finance Team to complete a journal log, which included all 13 journals together with an appropriate description. This provided assurance that there was sufficient detail to enable the journal to be authorised.</p> <p>In 2017/18 Management will review arrangements to ensure that all journals posted to the ledger contains a description.</p>
<p><b>Preparing for early close in 2017/18 and production of working papers</b>                      The draft financial statements were published on the Council's website on 28 June 2017 which was before the statutory deadline of 30 June 2018, but three weeks later than planned.</p>	<p>As the deadline for production of the financial statements for 2017/18 comes forward one month to 31 May 2018, the Council will need to review its preparation arrangements to ensure that the new deadline is achieved.</p>

A close-up photograph of a person's face as they look through a pair of black binoculars. The person's eyes are behind the lenses, and their hands are visible holding the device. The background is a soft, out-of-focus white. A bright yellow rectangular box is overlaid on the left side of the image, containing the text "Focused on your future".

Focused on your  
future

## Focused on your future

Area	Issue	Impact on the Council
<p><b>Accounting update</b></p>	<p>We reported in the Audit Results Report dated 20 September 2017 that there are new accounting standards changes in 2018/19 which will have an impact on Council as follows;</p> <ul style="list-style-type: none"> <li>➤ IFRS 9 Financial Instruments</li> <li>➤ IFRS 15 Revenue from contracts with customers</li> <li>➤ IFRS 16 Leases</li> </ul>	<p>For IFRS 9, this will require the Council to:</p> <ul style="list-style-type: none"> <li>▶ Reclassify existing financial instrument assets</li> <li>▶ Re-measure and recalculate potential impairments of those assets; and</li> <li>▶ Prepare additional disclosure notes for material items</li> </ul> <p>IFRS 15 will require all material income sources from customers the Council will have to:</p> <ul style="list-style-type: none"> <li>▶ Disaggregate revenue into appropriate categories</li> <li>▶ Identify relevant performance obligations and allocate income to each</li> <li>▶ Summarise significant judgements</li> </ul> <p>IFRS 16, will require the Council to ensure that all lease arrangements are fully documented in order to undertake a detailed exercise to classify all of its leases.</p> <p>At this stage the Council has yet to commence work in these areas due to the timing of implementation but will monitor further communications to clarify the necessary requirements.</p>
<p><b>Earlier deadline for production and audit of the financial statements from 2017/18</b></p>	<p>The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 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 and the publication of the audited accounts by 31 July.</p>	<p>These changes provide challenges for both the preparers and the auditors of the financial statements.</p> <p>To prepare for this change the Council has reviewed and amended the closedown process and achieved draft accounts production by 28 June for 2016/17.</p> <p>Locally we have:</p> <ul style="list-style-type: none"> <li>▶ Had regular discussions through the year on</li> </ul>

Area	Issue	Impact on the Council
		<p>the Council's proposals to bring forward the closedown timetable</p> <ul style="list-style-type: none"><li>▶ we plan to meet the finance team to discuss areas for early testing at the interim audit.</li><li>▶ To further support the faster closedown, we recommend that the Council consider bringing forward the commissioning and production of key externally provided information such as IAS 19 pension information, and land and buildings valuations.</li></ul>



**Appendix A**

## **Audit Fees**





## Appendix A     Audit Fees

The table below sets out the scale fee and our final proposed audit fees for 2016/17..

Description	Final Fee 2016/17 £	Planned Fee 2016/17 £	Scale Fee 2016/17 £	Final Fee 2015/16 £
<b>Total Audit Fee - Code work</b>	57,264 *	49,275	49,275	49,275
<b>Total Audit Fee - Certification of claims and returns (Housing Benefits)</b>	TBD	13,590	13,590	16,313
<b>Non-audit work - Pooling of Housing Capital Receipts</b>	TBD	TBD	N/A	2,500

\* The variation to the planned fee is as a result of the additional procedures undertaken to address the significant risk identified for the value for money conclusion. The variation is subject to PSAA approval.

EY | Assurance | Tax | Transactions | Advisory

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ED None

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