



Portsmouth City Council

Year ending 31 March 2013

Audit Progress Report

March 2013

Governance, Audit and Standards Committee
Portsmouth City Council
Civic Offices
Guildhall Walk
Portsmouth
PO1 2AL

21 February 2013

Dear Sir/Madam

Audit Progress Report - 2012/13

We are pleased to attach our September 2013 Audit Progress Report. The purpose of this report is to provide the Audit Committee with an overview of progress against the milestones set out in your 2012/13 Audit Plan and is the first step in ensuring that our audit is aligned with the Committee's service expectations.

Our audit is 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 audit.

Yours faithfully

Kate Handy
Director
For and behalf of Ernst & Young LLP
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1. Work completed

Meetings

Since we last reported to you in March, we have continued our regular programme of meetings as follows:

- Monthly meetings with Head of Finance to discuss key issues, topical concerns, Council performance against budget and accounting matters
- Monthly meetings with Chief Internal Auditor to discuss risks, audit findings, the programme of investigations and to coordinate work programmes
- Quarterly meetings with the Chief Executive and Monitoring Officer to discuss strategic issues with relevance to our VFM conclusion, communications from members of the public and wider matters relating to our Code responsibilities.

We have also met with other officers as part of our more detailed work on the financial systems and VFM conclusion and some of the key meetings are set out here:

- Head of HR, Legal & Performance, Corporate Strategy Manager and Corporate Performance Manager re strategic direction, performance management and risk management
- Head of Community Safety, Head of Public Health Business Strategy and Deputy Head of Finance re transfer of public health responsibilities
- Head of Integrated Commissioning Unit re integration with health, and pooled budget operation and development
- Deputy Head of Finance (and team members) re medium-term financial planning, and changes to arrangements for council tax support and business rates.
- Numerous and assorted finance and Oracle EBS contacts, in corporate and service teams, during the course of our audit fieldwork.

Assessment of the Council's internal controls

We have reviewed the design of the Council's core financial systems and have tested the operation of key controls within those systems. We concluded that we could rely on them for opinion purposes and have no issues of note to report to members.

Grant claim certification

We have started our work on the certification of your claims, with fieldwork underway on the housing benefit, pooling of housing receipt and NNDR claims and work set up our work on most of the others.

The only exceptions are the two TRA 11 grant claims (for Tipner and the Northern Road Bridge), where no work has been undertaken pending resolution of discussions with the Audit Commission.

2. Timetable

Audit Committee Timeline

We have set out below a timetable showing the key stages of the audit, including the value for money work and the whole of government accounts, and the deliverables we have agreed to provide to you through the 2012/13 Audit Committee cycle.

We will provide formal reports to the Audit Committee throughout our audit process as outlined below. Where required, we will issue an Interim Report, summarising the findings from our audit at that stage. From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit Committee Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter in order to communicate to the Council and external stakeholders, including members of the public, the key issues arising from our work.

Audit phase	Timetable	Deliverables
High level planning:	November	Fee Letter
Risk assessment and setting of scopes	November/ January	
Testing of routine processes and controls	February/March	Audit Plan Interim Report (if required)
Value for money conclusion	March/June	Report to those charged with governance
Year-end audit	July – September	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 its use of resources). Audit completion certificate Whole of Government Accounts Certification
Reporting	October	Annual Audit Letter
Grant claims	December	Report on the audit of grant claims

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters through our Sector Briefings.

Appendix 1: Audit Progress on Deliverables

Progress against key deliverables

Key deliverable	Timetable in plan	Status	Comments
Fee Letter	December 2013	Completed	Reported to Chief Executive, Chair of Governance, Audit and Standards Committee, Head of Finance and Head of HR, Legal & Performance
Audit Plan	March 2013	Completed	Discussed with officers and agreed with Members at the March Committee
Report to Those Charged with Governance	September 2013		
Audit Report (including opinion and vfm conclusion)	September 2013		
Audit Certificate	September 2013		
WGA Certificate	September 2013		
Annual Audit Letter	October 2013		
Report on the Audit of Grant Claims	December 2013		

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