



Portsmouth City Council

Year ending 31 March 2015

Audit Progress Report

June 2015

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

16 June 2015

Dear Sir/Madam

Audit Progress Report – 2014/15

We are pleased to attach our June 2015 Audit Progress Report. The purpose of this report is to provide the Audit Committee with an overview of progress with the 2014/15 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

Audit Plan

We presented our audit plan to the March 2015 Governance and Audit and Standards Committee.

Assessment of the Council's internal controls

We completed our interim visit in March, which involved:

- reviewing the design of fourteen Significant Classes of Transactions (SCOTs), walking-through their operation to confirm our understanding of the control environment;
- undertaking detailed controls testing on Accounts Payable, Accounts Receivable, Cash and Bank, and SWIFT;
- selecting some of the samples for our income and expenditure substantive testing so officers can source the supporting evidence early and reduce the pressure at our opinion visit .

In accordance with plan, we are mid-way through our Housing Benefit controls testing (which we will complete in June) and will complete our testing of year end controls during our opinion visit.

Year end audit

We plan to commence our final accounts audit planning on 20 July 2015, with the majority of the team starting on site on 27 July, and completing our fieldwork by the 27 August 2015. We have been in ongoing discussion with officers on a number of issues;

- with the Oracle team: about obtaining the necessary data for our analytics work;
- with the financial accounting team: about
 - emerging technical and accounting issues (in particular the changed requirements for accounting for infrastructure assets),
 - on improvements to the valuation and disclosure of Plant Property and Equipment, and
 - on a change in the Council's accounting policy for the Minimum Revenue Provision.
- with internal audit: about relying on their work where appropriate.

Value for Money Conclusion

We are starting our work on the VFM conclusion and are in the process of setting up the programme of meetings needed.

Work completed

Harbour Accounts Audit

The Department for Transport have determined that the harbour accounts need to be prepared and audited, and the Audit Commission has confirmed we are appointed auditors for this engagement.

We are awaiting draft accounts for 2012/13, 2013/14, and 2014/15, along with full supporting working papers. No date has yet been agreed for the audits of these periods of account.

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