

Portsmouth City Council

Governance & Audit & Standards Committee Progress Report

May 2018





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21 May 2018

Audit Progress Report

We are pleased to attach our Audit Progress Report.

This progress report summarises the work we have undertaken since the last meeting of the Governance & Audit & Standards Committee in March 2018 and provides an update on other matters relevant to our external audit of Portsmouth City Council. The purpose of the report is to re-confirm the dates for our year-end financial statements audit visit and to provide the Committee with an update on progress to date on our 2017/18 housing benefit subsidy claim certification. The report also notes the issuing of our 2018/19 fee letter, and our response to the invitation to tender for the housing benefits assurance process for 2018/19 onwards. The detailed plan for our 2017/18 financial statements audit was presented to the Committee at its February meeting, and an update on progress to the end of our interim visit was provided at the March meeting – these are therefore not repeated here.

Our audits are undertaken in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

We welcome the opportunity to discuss this report with you at your meeting on 08 June 2018.

Yours faithfully

Helen Thompson
Associate Partner
For and on behalf of Ernst & Young LLP

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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued “Statement of responsibilities of auditors and audited bodies”. It is available from the via the PSAA website (www.PSAA.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 February 2017)” issued by the 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 in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Governance & Audit & Standards Committee and management of Portsmouth City Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Governance & Audit & Standards Committee, and management of Portsmouth City Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Governance & Audit & Standards Committee, and management of Portsmouth City Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

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.

Key dates for 2017/18 year-end audit, 2018/19 fee letter, and update on housing benefit subsidy claim certification

2017/18 financial statements audit

Our interim visit took place in February 2018. Good progress has been made in moving work forward from the June/July peak, and we are grateful to officers for their help in facilitating this.

The challenge of meeting the faster close deadline of 31st July remains considerable, but the work completed at interim will make a significant contribution to doing so.

Key year-end dates

- Our year-end visit is due to commence on 25 June 2018, and to be completed by 27 July 2018.
- The year-end GAS Committee is provisionally scheduled for 27 July 2018. Our Audit Results Report will be presented to this meeting.
- The national deadline for publication of the audited 2017/18 financial statements is 31 July 2018.

2018/19 fee letter

We submitted our 2018/19 fee letter to the Chief Executive on 24 April 2018, copied to the Director of Finance and Information Technology, and the Chair of the GAS Committee at that date, Councillor Ferrett. It is included as a paper for the GAS Committee at its June meeting, for information. 2018/19 will be the first year of the new five year contract, following the PSAA-led procurement exercise in 2017. PSAA was able to secure a 23% year-on-year fee reduction on behalf of the local authorities which were party to the procurement. The requirements of the audit and the regulations governing our work are unchanged from 2017/18, other than that the housing benefit subsidy claim certification no longer forms part of the same contract as the financial statements audit. Further information on the housing benefits contract for 2018/19 onwards is given below.

Housing benefit subsidy claim certification

Progress on 2017/18 certification

Our planning procedures for the 2017/18 certification are substantially complete. We commenced the testing of our initial samples of individual cases through a short visit in April 2018, and have completed approximately 25% of the sample. Our next site visit is currently planned for August, at which time the remaining initial testing and other elements of the certification work will be undertaken. The deadline for submission of certified subsidy claims is 30 November 2018.

Procurement of a reporting accountant for 2018/19 onwards

Portsmouth City Council, through a joint procurement it is leading, issued the invitation to tender for the certification of its housing benefit subsidy claim for 2018/19 onwards on 20 April 2018. We submitted our tender for this work by the deadline of 21 May and the evaluation process is now underway.

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