

7. EXTERNAL AUDIT BUSINESS

REPORT OF: Head of Finance
Contact Officer: Peter Stuart, Head of Finance and HR
Email: Peter.Stuart@midsussex.gov.uk Tel: 01444 477315
Wards Affected: All
Key Decision No

1. Purpose of Report

To inform the Committee of the External Auditor's Audit Plan for the 2015/16 audit and the progress to that so far, including the revised 'Value for Money Code of Practice' under which the annual review will be conducted, and finally, to present the Annual Report for the Certification of Claims and Returns.

2. Recommendations

The Audit Committee is recommended to:

- a. note the 2015/16 Audit Plan and the progress so far;
 - b. note the revised Value for Money Code of Practice, and;
 - c. note the Annual Report for the certification of Claims and Returns,
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3. 2015/16 Audit Plan

- 3.1 Attached at Annex 1 is the audit plan setting out the timetable that the external auditors, Ernst and Young, intend to follow for the audit of financial statements 2015/16.
- 3.2 Members will note that the risks presenting to the Financial Statements include the NDR appeals calculation process and actual provision used. We are comfortable that the process we have used this year and our knowledge of the calculation is sound and can be reliably demonstrated to the auditor's satisfaction; and therefore that the risk is adequately mitigated.

4. 2015/16 Audit Progress

- 4.1 Attached at Annex 2 is the Progress Report which outlines the position on the audit so far, and next steps. There are no issues of concern to report.
- 4.2 This annex also contains slides to show the revised Code of Practice for the Value for Money audit. The Audit Director will be able to elucidate on the points outlined.

5. Annual Report for the Certification of Claims and Returns

- 5.1 Annex 3 contains this report that sets out the findings from work to certify the Housing Benefit Subsidy claim. In essence, the audit identified some quality issues with the underlying claims and this has led to a qualification of the return.

5.2 This is the third year that we have been qualified and is not unexpected given that qualification leads to an increased sample testing regime which is itself more likely to pick up errors in the caseload. 78% of all authorities are qualified and whilst it is not unknown to revert, once qualified our understanding is that it is very difficult to achieve unqualified status in subsequent years.

5.3 It should also be noted that this report describes a piece of work that is still in progress and subject to negotiation with both EY and the DWP. Officers are still quantifying the financial effect of this, and the underlying reasons and will verbally update the Committee on the latest position, although it is expected to be significantly below that described within the report.

6 Financial implications

6.1 There are no financial implications arising from this report. .

7 Equalities implications

7.1 The report raises no implications of this nature.

8 Risk analysis

8.1 No material risks arise from this report

Background Papers

None