

Maldon District Council

External Audit Update Report

Year ended 31 March 2017

22 June 2017

Ernst & Young LLP



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working world

The Members
Audit Committee
Maldon District Council
Council Offices
Princes Road
Maldon
Essex
CM9 5DL

1 June 2017

Dear Members

External Audit Update

We are pleased to attach our Audit Progress Report.

The purpose of this report is to provide the Committee with an overview of our plans for the 2016-17 audit to ensure they are aligned with your service expectations.

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 as well as understand whether there are other matters which you consider may influence our audits.

Yours faithfully

Debbie Hanson
Ernst & Young LLP
United Kingdom

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1. Summary

1.1 Financial statements

We are required to give an audit opinion on whether the financial statements Maldon District Council give a true and fair view of the financial position as at 31 March 2017 and of the income and expenditure for the year then ended.

We adopt a risk based approach to the audit and, as part of our ongoing continuous planning, we review your published Council and Committee minutes and papers along with the information we have on the wider local government environment. We met with the Council's Chief Executive in April 2017 as part of our initial planning discussions and in order to develop our understanding of the challenges and risks you are facing to inform our work on your financial statement and value for money arrangements.

In March 2017 we began our interim audit work which included:

- ▶ documenting our understanding of the Council's material income and expenditure systems by walkthrough testing; and
- ▶ performing early substantive testing.

Our work on these is now complete, apart from updating for processes which only occur at year end; for example the reflection of updated information for the Council's property, plant and equipment values. There were no matters arising from this work that we need to bring to the attention of the Committee.

We are due to return to site in July to undertake our work on the audit of the draft statement of accounts.

1.2 Value for money conclusion

In November 2015, the National Audit Office (NAO) published its updated guidance for auditors for their review of arrangements to secure value for money.

The overall criterion for 2016/17 is:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people."

Beneath this overall criterion there are three sub-criteria which are intended to help auditors in reaching their overall judgement but these are not separate and auditors are not required to reach a distinct judgement against each.

The table on the next page provides further detail on these three sub criteria. We have discussed the criteria with the Council's Chief Executive and been provided with information on the Council's working with partners.

Sub-criteria	Proper arrangements
Informed decision making	Acting in the public interest, through demonstrating and applying the principles and values of sound governance
	Understanding and using appropriate and reliable financial and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management
	Reliable and timely financial reporting that supports the delivery of strategic priorities
	Managing risks effectively and maintaining a sound system of internal control
Sustainable resource deployment	Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions
	Managing and utilising assets effectively to support the delivery of strategic priorities
	Planning, organising and developing the workforce effectively to deliver strategic priorities
Working with partners and other third parties	Working with third parties effectively to deliver strategic priorities
	Commissioning services effectively to support the delivery of strategic priorities
	Procuring supplies and services effectively to support the delivery of strategic priorities

2. Timetable

2.1 Audit timeline

We set out below a timetable showing the key stages of the audit, and the deliverables we will provide to you.

We will provide formal reports to the Audit and Standards Committee throughout our audit process as outlined below.

Audit phase	Timetable	Deliverables
High level planning:	Already issued	▶ Audit Fee Letter
Risk assessment and setting of scope of audit	February/March 2017	▶ Audit Plan
Testing of routine processes and early substantive testing	March/April 2017	▶ Update report
Year-end audit	July 2017	▶ Report to those charged with governance ▶ Audit report on the financial statements and value for money conclusion ▶ Audit completion certificate ▶ Reporting to the NAO on the Whole of Government Accounts return.
Reporting	August 2017	▶ Annual Audit Letter
Certification work	September / October 2017	▶ Annual certification report.

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

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