

<b>18 July 2013</b>		<b>ITEM: 6</b>
<b>Standards &amp; Audit Committee</b>		
<b>External Audit: Audit Progress Report</b>		
Report of: Sean Clark, Head of Corporate Finance		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Non-key	
<b>Accountable Head of Service:</b> Sean Clark, Head of Corporate Finance		
<b>Accountable Director:</b> Graham Farrant, Chief Executive		
<b>This report is</b> Public		
<b>Purpose of Report:</b> To present to the Committee the External Auditors' Audit Progress Report.		

## **EXECUTIVE SUMMARY**

This report is for noting: attached is the Audit Progress Report from Ernst & Young, the Council's external auditors, that provides a brief update on their preliminary work towards the audit of the 2012/13 Financial Statement and Value for Money assessment.

### **1. RECOMMENDATIONS:**

**a) That the report be noted.**

### **2. INTRODUCTION AND BACKGROUND**

- 2.1. Members have received numerous reports over the last two years on the difficulties that the Council has experienced in completing the financial accounts and the issues identified in the subsequent audit.
- 2.2. More recently, Members of this committee have receiving reports giving assurance of improvements that have been made in these processes. This included a report at the June meeting on material changes within certain figures in the 2012/13 financial statement, including being able to report that the Council's external auditors, Ernst and Young, have already been able to review some aspects in advance.
- 2.3. This report sets out a brief update on progress to date. Members should note that the auditors have given the Council more time before reviewing the financial statement to allow officers more time to improve the supporting working papers and are thanked for this opportunity.

- 2.4. The progress report sets out the following:
- a) That work is continuing on documenting the financial systems;
  - b) That a review of the revaluation of assets has taken place and no issues identified from this preliminary work. (Members will recall that we needed to outsource the revaluation work on the ex Development Corporation assets and these are still to be reviewed as the work had not been completed in time for the preliminary work carried out); and
  - c) A review of all balances brought forward onto the upgraded General Ledger system has taken place and confirmed that there were no material misstatements.
- 2.5. Further work has also taken place on a number of areas to be included within the Value for Money assessment but recognises that further work is required.
- 2.6. The report also sets out some work on grant claim certification and then sets out a timetable that demonstrates the key stages of the audit and how reporting will align with the Standards and Audit Committee cycle.

### **3. ISSUES, OPTIONS AND ANALYSIS OF OPTIONS:**

- 3.1. There are no issues arising at this stage and no options as this is an independent progress report from Ernst and Young.

### **4. REASONS FOR RECOMMENDATION:**

- 4.1. For the committee to note the progress of the audit to date and the planned timetable of an audit cycle.

### **5. CONSULTATION (including Overview and Scrutiny, if applicable)**

- 5.1. Relevant officers have been involved with the auditors leading to their update report.

### **6. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT**

- 6.1. There is no direct impact arising from this report.

### **7. IMPLICATIONS**

#### **7.1. Financial**

Implications verified by: **Sean Clark**  
Telephone and email: **01375 652010**  
**sclark@thurrock.gov.uk**

There are no direct financial implications arising from this report.

## 7.2. **Legal**

Implications verified by: **David Lawson**  
Telephone and email: **01375 652087**  
**dlawson@thurrock.gov.uk**

There are no direct legal implications arising from this report.

## 7.3. **Diversity and Equality**

Implications verified by: **David Lawson**  
Telephone and email: **01375652087**  
**dlawson@thurrock.gov.uk**

There are no specific implications from this report.

## 7.4. **Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental**

There are no specific implications from this report.

### **BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):**

- There are various working papers within accountancy.

### **APPENDICES TO THIS REPORT:**

- Appendix 1 – The Audit Progress Report

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