

# South Downs National Park Authority

Governance Committee

24 February 2015



Building a better  
working world





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23 January 2015

## Audit Progress Report

We are pleased to attach our Audit Progress Report.

It sets out the work we have completed since our last report to the Committee. Its purpose is to provide the Committee with an overview of the 2014/15 audit, and an indication of progress against our plans. This Progress Report is a key mechanism 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

Paul King  
Director  
For and behalf of Ernst & Young LLP



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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's 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 Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This report is prepared in the context of the Statement of Responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

**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.

## 2014/15 audit

### Fee letter

We have agreed our 2014/15 audit fee with the Chief Executive. A copy of our fee letter was issued to the 24 June 2014 meeting of the Governance Committee.

### Financial Statements

We adopt a risk based approach to the audit and as part of our ongoing continuous planning we meet with key officers and other stakeholders. We will meet with the Chief Executive in February to introduce Paul King as the new audit director and update our understanding of issues affecting the Authority as part of our ongoing audit planning.

Our work to identify the Authority's material income and expenditure systems and to walk through these systems and controls commenced in December 2014 and will be completed in February and March 2015. We plan to take a fully substantive approach to gaining assurance for our audit opinion on the Authority's financial statements.

We will continue to use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries and payroll.

### Value for money

The Audit Commission has now issued its guidance on the 2014/15 value for money conclusion. The full guidance can be found at <http://www.audit-commission.gov.uk/wp-content/uploads/2014/10/08102014-VFM-guidance-2014-15.pdf>

There are no planned changes to the approach in 2014/15 for national park authorities where we are required to discharging our responsibilities by:

- ▶ reviewing the annual governance statement;
- ▶ reviewing the results of the work of the Audit Commission and other relevant regulatory bodies or inspectorates, to consider its impact on the auditor's responsibilities at the audited body; and
- ▶ undertaking other local risk-based work as appropriate or any work mandated by the Commission.

We are in the process of carrying out our initial risk assessment and will report the risks we have identified and associated work we will carry out in our detailed audit plan.

### 2015/16 Audit Fees

The Audit Commission is currently consulting on the proposed work programme and scales of fees for the audit of the accounts for 2015/16. It is proposing to reduce scale fees by a further 25 per cent from 2015/16 for all principal audits including the Authority. It does not plan to make changes to the overall work programme. The 25 per cent fee reduction has been achieved as a result of a recent procurement exercise to retender the work undertaken under the Commission's older contracts with audit firms, and is on top of the 40 per cent cut in fees made in 2012.

## Timetable 2014/15

We set out below a timetable showing the key stages of the audit, including the value for money work, and the deliverables we will provide to you through the 2014/15 Governance Committee cycle. We will provide formal reports to the Committee throughout our audit process as outlined below.

Audit phase	EY Timetable	Deliverable	Associated Governance Committee	Status
High level planning	<b>Ongoing</b>	Audit Fee Letter	June 2014	Completed. Reported to the June 2014 meeting of the Governance Committee
Risk assessment and setting of scope of audit	<b>December 2014 – April 2015</b>	Audit Plan	July 2015	We plan to start our detailed testing of the Authority's financial statements in June 2014. We therefore intend to circulate a copy of our Audit Plan in advance of the 14 July meeting of the Governance Committee.
Year-end audit	<b>June - August 2015</b>	<p>Audit results report to those charged with governance</p> <p>Audit report (including our opinion on the financial statements and a conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources)</p> <p>Whole of Government Accounts Submission to NAO based on their group audit instructions</p> <p>Audit Completion certificate</p>	September 2015	.

Audit phase	EY Timetable	Deliverable	Associated Governance Committee Status
Annual Reporting	<b>October 2015</b>	Annual Audit Letter	November 2015

In addition to the above formal reporting and deliverables we provided practical business insights and updates on regulatory matters through our Sector Briefings. The latest version of the Briefing is included as an attachment to this report.

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