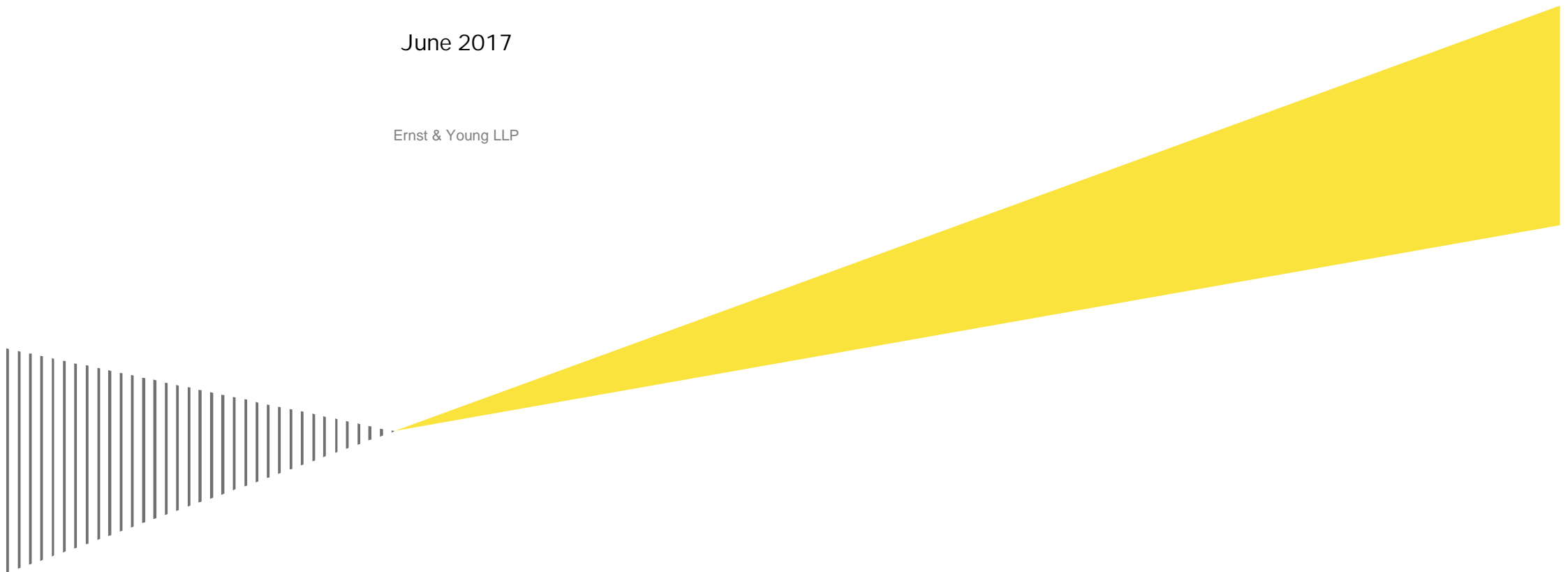


Staffordshire County Council

Audit Update report for the year-ended 31 March 2017

June 2017

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 Chief Executive of each audited body and via the PSAA website (www.psa.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 from 1 April 2015’ issued by 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 statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter 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.

A hand with white nail polish is writing on a document with a blue pen. In the background, there is a calculator, a laptop, and a white mug. A yellow box is overlaid on the left side of the image.

Audit
Progress

Audit Progress

The purpose of this report is to update the Committee on our audit progress since the presentation of the Audit Plan to in March 2017. The tables below set out the results and conclusions on the significant areas of the audit in advance of the audit of the financial statements.

Area of Work	Conclusion	Progress
<p>Opinion on the Council's:</p> <ul style="list-style-type: none"> ▶ Financial statements 	<p>Based on our review of your internal control environment and assessment of key business risks we designed a risk based audit testing strategy. As a result of our detailed testing and use of EY data analytics tools, we obtained sufficient evidence to form a conclusion on your financial statements.</p>	<p>The interim work was undertaken in late March and early April 2017 with the audit of the financial statements to commence 26 June 2017.</p> <ol style="list-style-type: none"> 1. Data analytics We successfully obtained and utilised the Council's financial ledger data for our interim testing (see below) for the accounting period ending 31 December 2017. The full year ledger and payroll data were obtained on 14 June 2017 in advance of the main audit. 2. Working papers We have issued a detailed and relevant list of working paper requirements to ensure that the information is provided for the commencement of the audit. 3. PFI accounting treatment We engaged our EY PFI specialist to review the financial operating models for the Waste and Academy PFI schemes. The review has concluded that we are satisfied that there are no material adjustments required to the draft financial statements. 4. Valuation of land and buildings Our EY valuations team are reviewing a sample of assets revalued by the County Estates team. This work is ongoing. We will communicate the results of this work to the Finance Team and report the key findings to the Audit and standards Committee in our Audit Results Report. 5. Interim testing During the interim visit we focussed our testing on the

Area of Work	Conclusion	Progress
		<p>following areas;</p> <ul style="list-style-type: none"> ▶ Central Government Grant income ▶ Council Tax precept income ▶ Other operating income including fees and charges ▶ Operating expenditure ▶ Exit packages <p>This work is substantially complete and the remainder will be finalised during our audit of the financial statements. At this stage there are no issues that need to be brought to your attention.</p>
<p>Concluding on the Council's arrangements for securing economy, efficiency and effectiveness</p>	<p>We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our Value for Money conclusion.</p> <p>Based on our review of your internal control environment and assessment of key business risks we reported in the Audit Plan the following significant risks for 2016/17;</p> <ol style="list-style-type: none"> 1. The Council's overall financial resilience through delivering a medium-term financial strategy which includes significant assumptions to achieve savings to address a £20m funding gap. 2. The local health economy, including adult social care, and in particular delivery of outcome measures of the Better Care Fund. 3. The Council's governance and performance arrangements to deliver adult social care with a key NHS partner under challenging financial pressures within the local health economy. 	<p>Our programme of Value for Money (VfM) work is well-progressed but further work is required regarding the Better Care Fund (BCF).</p> <p>Arrangements have been made to liaise with the appropriate staff to establish the current position with the BCF.</p> <p>We will continue to update management with the results and findings of the VfM and provide our overall conclusion in the Audit Results Report to the Audit and Standards Committee in September.</p>

Audit
Timetable



Audit timetable

The draft financial statements were received on 12 June 2017 as planned. We have agreed with management that the audit of the draft financial statements will take place over a four week period commencing on 26 June 2017.

During the audit we will ensure that audit findings are communicated with the Finance Team on a timely basis. We will provide our formal Audit Results Report to the Audit and Standards Committee on 25 September 2017 which will incorporate the outputs as set out in the Annual Audit Plan.

EY | Assurance | Tax | Transactions | Advisory

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ED None

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