

Middlesbrough Council

Corporate Affairs and Audit Committee Briefing: External Audit Transition

November 2015



Building a better
working world

Contents

1. Your audit team
2. Planning for a smooth transition
3. Effective implementation of the audit approach

Public Sector Audit Appointments (PSAA) issued a '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 [PSAA website](#).

The Statement of responsibilities serves as the formal terms of engagement between PSAA'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 Terms of Appointment issued by PSAA in September 2015 set out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice issued by the National Audit Office and statute, and covers matters of practice and procedure which are of a recurring nature.

This Corporate Affairs and Audit Committee Briefing is prepared in the context of the Statement of responsibilities. It is addressed to the Corporate Affairs and Audit Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Your audit team



Nicola Wright
Executive Director

Tel: (0191) 269 4887
Mobile: 07341 078397
Email: nwright1@uk.ey.com



Daniel Houghton
Manager

Tel: (0191) 269 4822
Mobile: 07341 078824
Email: doughton@uk.ey.com

For the financial year ended 31 March 2016, EY are replacing Deloitte as the external auditors for the Council following the tendering of the former Audit Commission contracts.

In the North East, we are auditors to 7 local authorities, 3 pension funds and 5 clinical commissioning groups from 2015/16.

Your audit team will consist of members of the specialist Government & Public Sector assurance team based in the North East and will be led by Nicola Wright and Daniel Houghton. Nicola and Dan both have a passion for working with the public sector and a summary of their experience is here.

Nicola has 18 years of experience in public sector external audit across the local government, NHS, housing, education and charities sector.

Nicola leads 5 local authority audits in the North East including Middlesbrough Council, and also the external audits of 5 Clinical Commissioning Groups.

Her wider experience includes completing an 18-month secondment to the Audit Policy and Practice directorate of the Audit Commission where she worked on a number of projects, including preparation of the Commission's discussion paper World Class Financial Management.

Nicola has also lead a number of internal audits, particularly in the social housing sector.

She has also lead several financial reviews of applicant NHS foundation trusts in the North East, on behalf of the Department of Health and Monitor, the Foundation Trust regulator.

Daniel has specialised in public sector external audit for over 12 years across central government, local government, NHS, housing and charities.

During this time he has been responsible for the delivery of the Homes and Communities Agency, Department of Health , NHS Business Services Authority and British Library audits.

Daniel has a strong technical understanding of public sector finances and reporting.

He is the Manager of the Teesside Pension Fund audit as well as 2 other local authority and 2 Clinical Commissioning Group audits.

Daniel is responsible for the day to day management of the audit, including supervision of the on site audit team. He is based in EY's North East office and will be the main contact for Finance staff.

Planning for a smooth transition

Initial document reviews

We have reviewed the Council's Statement of Accounts 2014/15, the financial strategy and other information on the Council's website to develop a detailed understanding of the key issues facing the Council.

We have met with Deloitte, the Council's previous external auditor, to obtain access to their working papers and copies of key documents such as the audit plan, report to those charged with governance at the end of the audit and the annual audit letter. This will assist with a smooth transition between auditors.

Set up introductory meetings

We have held an introductory meeting with Tony Parkinson, Executive Director of Commercial and Corporate Services, Paul Slocombe, Chief Finance Officer and other key members of the finance team to understand some of the challenges for the 2015/16 audit. We plan to hold a more detailed planning meeting with the finance team over the coming weeks.

We have held an introductory meeting with the Chief Executive to understand the strategic priorities of the Council.

We have met with Karen Whitmore, Assistant Director Organisation and Governance to understand the governance arrangements in place at the Council.

We have also held an introductory meeting with Councillor Peter Purvis, Chair of the Corporate Affairs and Audit Committee.

We have also met with Tees Valley Audit and Assurance Services, the Council's internal auditor, to develop an approach of working together.

Communicating with the Corporate Affairs and Audit Committee

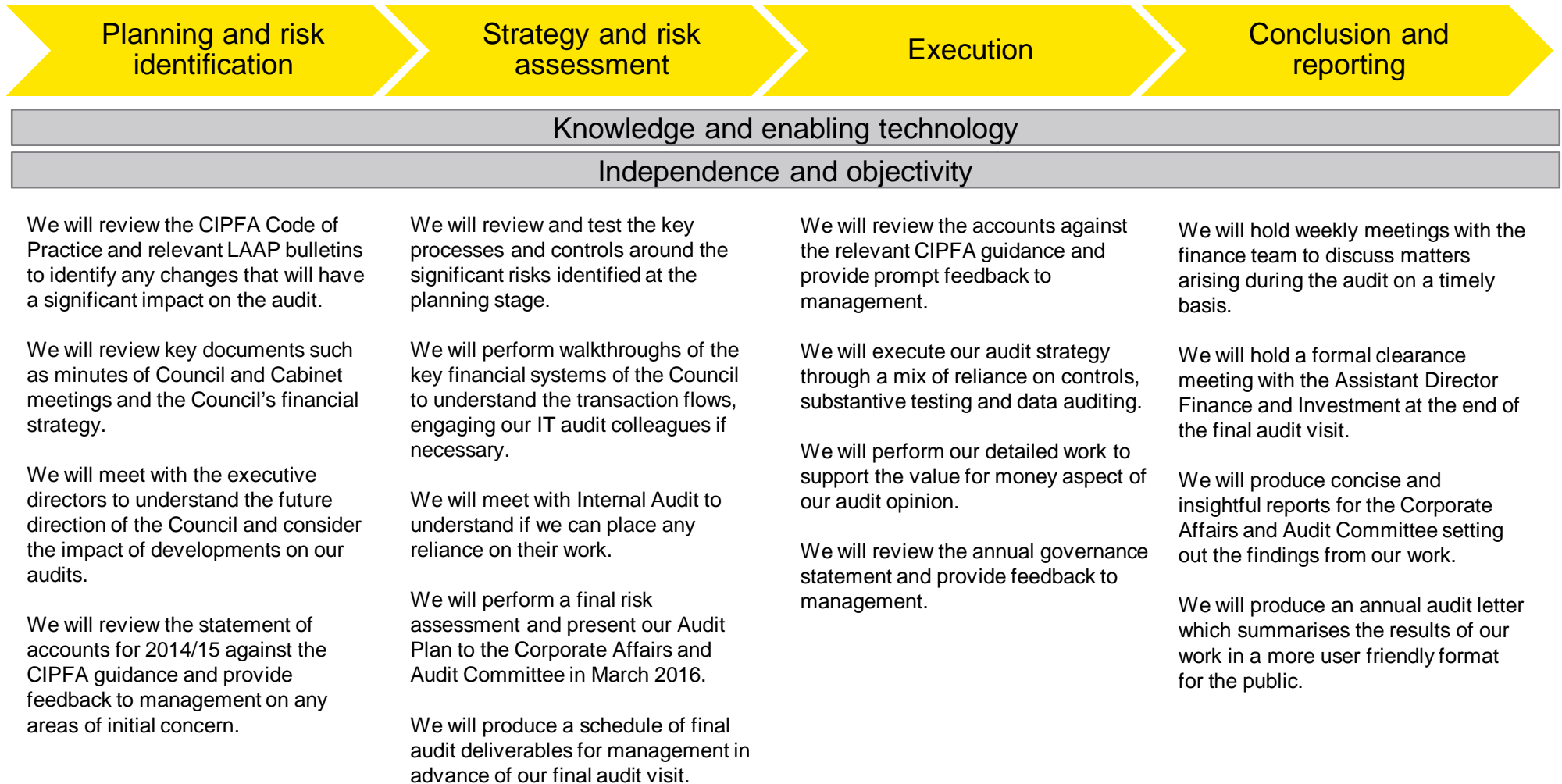
We understand that the Corporate Affairs and Audit Committee likes to receive a quarterly progress report on the external audit and we will continue to provide you with these regular updates. In addition, Nicola and Daniel will attend all Corporate Affairs and Audit Committees to provide you with updates in person.

We will provide you with the reports which we are required to produce in line with auditing standards and the NAO code of practice, including:

- Fee letters
- Audit Plan
- Report to those charged with governance
- Annual Audit Letter

We will also share any insightful publications produced by our technical team and would be happy to provide training on any topic that the Corporate Affairs and Audit Committee would find helpful.

Effective implementation of the audit approach



EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

Ernst & Young LLP

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

© 2015 Ernst & Young LLP. Published in the UK.
All Rights Reserved.

ey.com