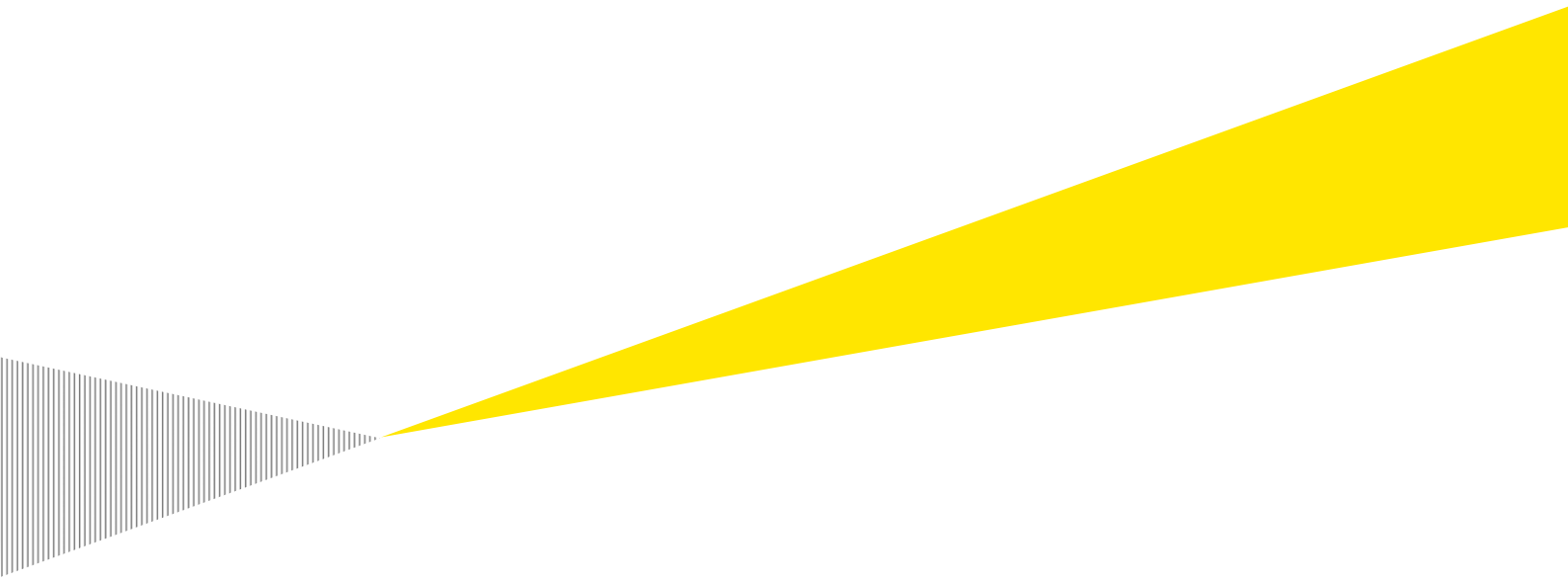


External Audit Update

Middlesbrough Council

July 2016



Building a better
working world

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In April 2015, Public Sector Audit Appointments Ltd (“PSAA”) issued the ‘Statement of responsibilities of auditors and audited bodies 2015-16’. It is available from the Chief Executive of each audited body and via the [PSAA website](http://www.psa.co.uk) (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 report 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.

1. Introduction

The purpose of this report is to provide members of the Corporate Affairs and Audit Committee with an update on the progress of our external audit for the year ended 31 March 2016. In particular, it covers:

- ▶ A summary of the work we have undertaken to date; and
- ▶ Our proposed audit approach.

We would welcome any comments or feedback on the content of this report or our work undertaken to date.

2. Audit Progress

Our audit team has been onsite at the Council since 4 July 2016. As a result we are in the early stages of our audit and at the moment there are no issues to report.

We have so far completed the following audit procedures:

- ▶ We have met with Internal Audit to discuss their review of the Agresso system migration and also to establish their role in the testing of the Housing Benefit subsidy claim;
- ▶ We have obtained data downloads from the general ledger in order to allow us to perform our data analytics procedures; and
- ▶ We have performed a review of the draft statutory accounts against the requirements of the CIPFA Code of Practice on Local Authority Accounting.

The audit team is currently focussing on:

- ▶ Property, Plant and Equipment;
- ▶ Heritage Assets;
- ▶ Investment properties;
- ▶ Depreciation;
- ▶ Grant income;
- ▶ Expenditure; and
- ▶ Journals.

3. Audit Approach

We have previously presented to the Corporate Affairs and Audit Committee our planned audit approach through our Audit Planning Report on 3 March 2016 and our Interim Audit Update on 30 June 2016.

There have been no changes to the approach highlighted in these reports since the start of the audit.

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