

Darlington Borough Council

Audit Committee Briefing: External Audit Transition

December 2015



Building a better
working world

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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 Audit Committee Briefing is prepared in the context of the Statement of Responsibilities. It is addressed to the 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



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

In the North East, we are auditors to seven local authorities, three pension funds and five clinical commissioning groups from 2015/16.

Your audit team will consist of members of the specialist Government & Public Sector assurance team based in the Newcastle upon Tyne office. The team will be led by Nicola Wright who will be supported by Stuart Kenny.

Both Nicola and Stuart have a passion for working with the public sector and experience of auditing public sector bodies.

- ▶ 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 Darlington Borough Council, and also the external audits of 5 Clinical Commissioning Groups, including NHS Darlington CCG.
- ▶ Her wider experience includes:
 - ▶ Nicola completed 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.
- ▶ Stuart 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 Newcastle office and will be the main contact for finance staff.
- ▶ Stuart has specialised in public sector external audit for over eight years across local government, NHS, housing, education and charities. During this time he has been responsible for the delivery of several local government audits.
- ▶ He is the manager of four local authority audits in the North East, including Darlington Borough Council. He is also the manager of two Clinical Commissioning Group audits, including NHS Darlington CCG.

Implementing a smooth transition

Initial document reviews

We have reviewed the Council's Statement of Accounts for 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 PwC, 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 has allowed us to obtain an understanding of complex transactions and accounting entries in previous years that will continue to have an impact on the financial statements, such as PFI transactions and the treatment of Voluntary Aided and Controlled Schools.

Set up introductory meetings

We have held introductory meetings with Paul Wildsmith, Director of Neighbourhood Services & Resources, Elizabeth Davison, Assistant Director – Finance & Human Resources and the wider finance team to begin to understand the challenges facing the Council and are beginning to consider the impact of these issues on our audit plan.

We have also met with Brian McGuire, internal audit manager at the Council, to discuss the internal audit plan for the year and develop an approach of working together for the benefit of the Council.

We are meeting with other Council officers in December 2015 and January 2016 in relation to children and adult services and economic growth.

Communicating with the Audit Committee

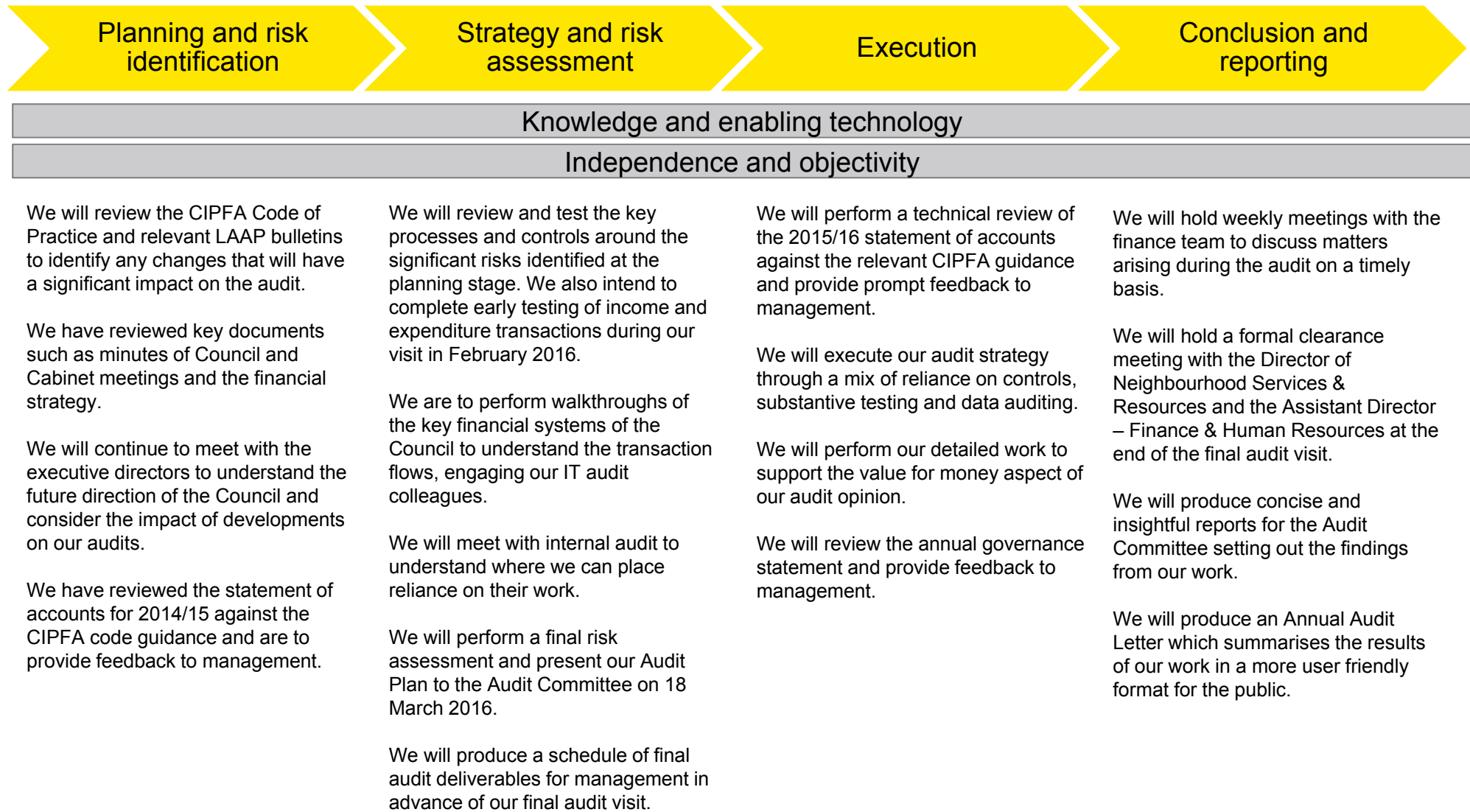
Nicola and Stuart will attend all Audit Committee meetings to provide you with updates in person.

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 Audit Committee would find helpful.

Effective implementation of the audit approach



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