

Report to:	Audit and Governance Committee	Date:	16 May 2019
Report title:	AG/2018/30 - External Audit Update 2018/19		
Report from:	Richard Simpson - Interim Strategic Director of Resources		
Ward/Areas affected:	Borough Wide		
Chair of Committee/Lead Member:	Councillor Richard Clifton (Chair), Councillor David Hicks		
Author(s)/Contact Number(s):	Alicia Attoe, Head of Financial Strategy and Reporting, 020 8770 5260		
Corporate Plan Priorities:	<ul style="list-style-type: none"> • Making Informed Choices 		
Open/Exempt:	Open		
Signed:		Date:	02 May 2019

1. Introduction

- 1.1 The statutory Audit of the London Borough of Sutton for 2018/19 is underway and this report gives an update of progress, specifically focusing on the interim audit visit and full audit planned visit of June to July 2019.
- 1.2 At the time of this report the external Auditors have not identified any errors or issues to report nor have they amended their Audit Plan for 2018/19 (Appendix A). They have made a recommendation on improvements that the council can make in relation to working papers and evidence as part of the interim audit visit. The external Auditor's progress report is attached at Appendix B (*to follow*).

2. Recommendations

The Audit and Governance Committee is recommended to:

- 2.1 Note the progress and recommendations made by the external Auditor.

3. Progress of the 2018/19 External Audit

- 3.1 The external Auditors began their audit work as part of a two week interim visit in February 2019. The visit went well and the transactional sampling for periods 1-10 was undertaken alongside the majority of walkthroughs.

- 3.2 In mid March 2019 all 68 samples were returned to the external Auditor with the backing documentation required. Ideally this should have been completed by the final day of the visit which was 22 February 2019. The Auditors have therefore raised concerns on timeliness and adequacy of documentation initially provided to support samples selected for testing.
- 3.3 The Financial Strategy and Reporting team has as a consequence:
- Held training for wider finance with colleagues from Grant Thornton specifically focusing on sampling.
 - Improved key tasks and set out processes (i.e journal input) which could hinder testing in the future.
 - Requested for external audit to provide the final samples for periods 11-12 (and any additional testing on the financial accounting period) be received in advance of the visit so sampling is underway prior to arrival by the team.
- 3.4 Finance as a wider team is committed to continuing to improve the process around transactional testing for external audit for the main visit in June-July 2019 and will agree timeframes with external audit in terms of turning round the remaining months sampling as early as possible in the main visit. Financial Strategy and Reporting will continue to be proactive in returning inadequate documentation to the internal provider so this doesn't reach the external Auditors in the first instance and cause a secondary enquiry. Increased communication has also been discussed so the 'return log' is updated in real time.

4. Impacts and Implications

Financial

- 4.1 These are covered in the report.

Legal

- 4.2 There are no legal implications arising from this report.

5. Appendices and Background Documents

Appendix Letter	Title
A	LB Sutton 2018-19 Audit Plan
B	External Auditor's Progress Report (<i>to follow</i>)

Background Documents
None

Audit Trail		
Version	Final	Date: 02 May 2019
Consultation with other officers		
Finance	Yes	Alicia Attoe
Legal	No	N/a
Equality Impact Assessment required?	No	N/a

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