



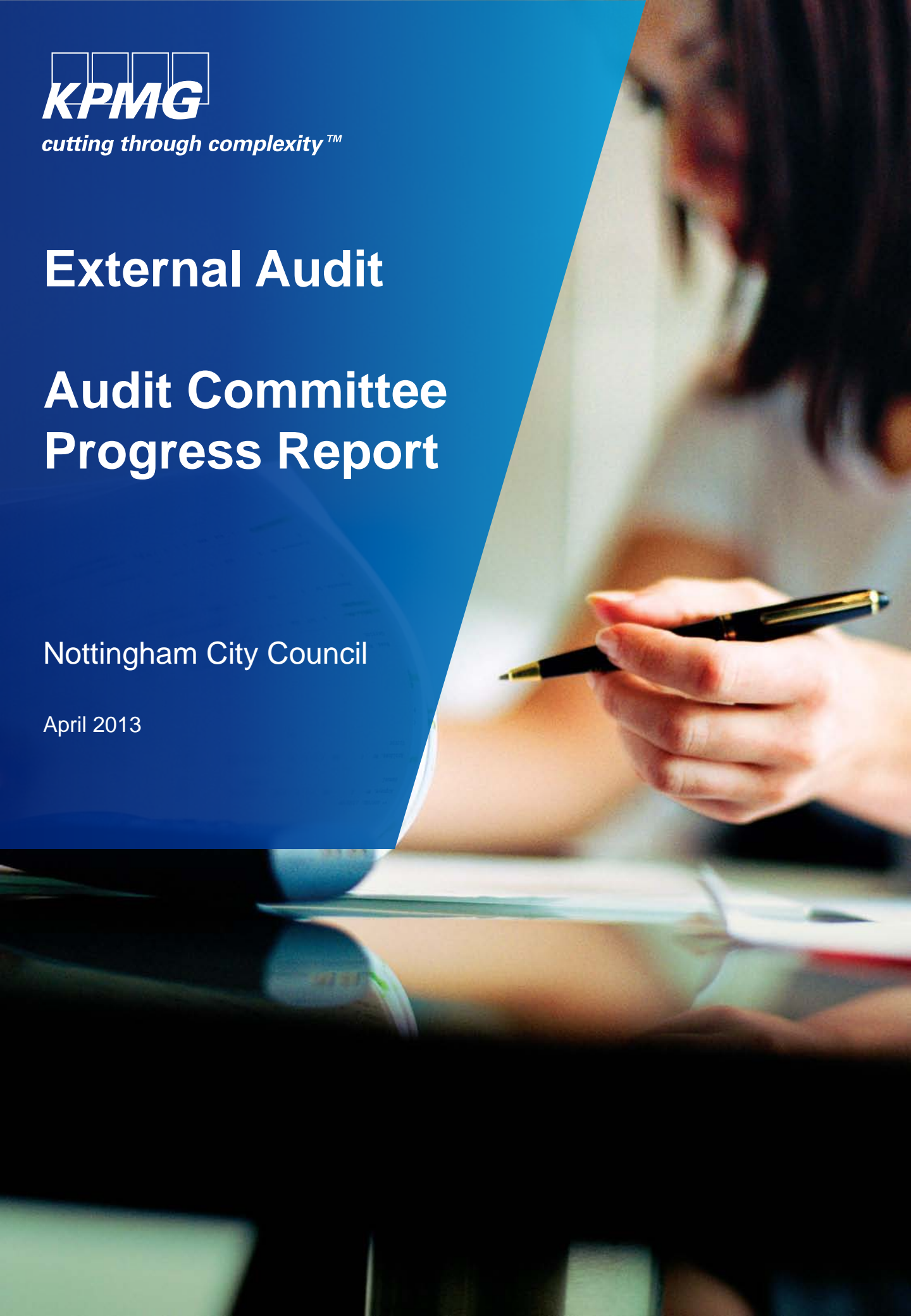
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External Audit

Audit Committee Progress Report

Nottingham City Council

April 2013



This progress report summarises at a high level the position regarding the external audit of Nottingham City Council.

Summary of progress during the last quarter

Audit progress since last meeting (February 2013):

- There are a number of areas where auditing standards require external auditors to make inquiries of management, those charged with governance and internal audit as part of our audit planning. Areas of enquiry typically include fraud, laws & regulations, litigation & claims and going concern. Written responses from your Deputy Chief Executive & Director of Corporate Resources and Audit Committee Chair have been received and used to inform and update our planning. Our inquiries of internal audit were made through ongoing discussions with your internal audit team;
- Our interim work at the Council was delivered as planned with the audit team on site for two weeks from 18 March 2013. This included review of your controls over key financial systems and IT controls;
- We met with senior members of your finance team before and during the interim audit and discussed the following topics:
 - Interim audit – on-going including attending finance analysts meeting at the start of the audit;
 - Financial statements audit – approach; timing and significant matters (group accounts, accounting policies, accounting estimates);
 - Accounting matters – Council proposal to change the basis used in its 2012/13 financial statements compared with previous years to value the Nottingham Royal Centre.
- Early discussions have been held with your Chief Internal Auditor and senior managers leading to the development and agreement of an Internal/External audit working protocol for the next financial year.

Other work outside of the 2012/13 Audit Plan delivered since last meeting (February 2013):

- None

Summary of work planned in the next quarter

Our work over the next quarter will include:

- On-going discussions ahead of the audit of your financial statements planned for July 2013;
- Completion of our VFM conclusion work covering two metrics specified by the Audit Commission (financial resilience; economy, efficiency and effectiveness).

Other work outside of the 2012/13 Audit Plan over the next quarter (separate fee):

- Our interim work confirmed that we are unable to gain sufficient audit assurance from the design of controls over the Council's accounts payable system. Extra substantive testing will be required and this has been discussed with the Council's finance team. Timing of the extra work required is provisionally planned for April 2013.

Audit Committee Progress Report (April 2013)

Actions	We ask the Audit Committee to NOTE this progress report and technical update	
Contacts	The key contacts in relation to our audit are:	
	Sue Sunderland Director sue.sunderland@kpmg.co.uk	
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