

## Update on 2020/21 and 2021/22 audits

The purpose of this note is to update the Audit, Governance and Standards Committee on the progress of the 2020/21 and 2021/22 audits.

We will also be available to answer any questions Members might have on the state of the wider public sector audit market and issues being faced.

### 2020/21

Work on finalising the 2020/21 audits of the main Council's accounts and of the Pension Fund was suspended during the NHS audit period. This has now recommenced, albeit later than planned due to a number of significantly overrunning audits including, critically, ones involving Essex County's senior audit team.

The key outstanding issues are:

- Completion of quality review processes:
  - Residual Manager and Engagement Lead review processes
  - Final technical and External Quality Control Review sign-offs
- Resolution of the infrastructure issue:
  - Amendment to the CIPFA/LASAAC Code to remove the need to report gross cost and gross accumulated depreciation in notes to the Statement of Accounts. We are currently awaiting finalisation and approval of proposed amendments, specifically approval from the Financial Reporting Advisory Board (FRAB).
  - Statutory Instrument (SI) drafting and agreement by DLUHC to address issues relating to the net carrying value of Infrastructure issues. There has not yet been any national communication from DLUHC on the progress in drafting this or the anticipated timeline.
  - Our current expectation is that the position relating to Infrastructure will be resolved to enable completion in early New Year - whether this is the target no qualifications solution or, if the DLUHC SI does not adequately address all necessary audit concerns, a residual qualification relating to that.
- Use of Resources:
  - Completion of "New" NAO Code work, including consideration of matters referred to us relating to South East Local Enterprise Partnership (SELEP), for which Essex is the "host" authority, but relating to issues alleged to have taken place in the East Sussex area.
  - The new approach will consider the areas previously focused on as "significant risks" under the previous Code, so financial sustainability, but will cover arrangements for other areas in greater detail than historically has been the case, as well as the new area of focus on "improving value for money"

We anticipate the various elements, particularly infrastructure, will conclude in the first half of January 2023.



## **2021/22**

Work on the main Council and Pension Fund audits has commenced, with initial focus on the Pension Fund given the reliance on some of that work placed by auditors of member bodies (for example, other Essex District and Unitary Councils, Essex Police, Care Quality Commission, and some other entities).

### ***Pension Fund audit***

- Audit Planning Report on this AGSC agenda
- Fieldwork is coming to a close, but then will be subject to quality review processes
- Anticipating issue of Letters of Assurance in November 2022
- Opinion still cannot be issued separately from the main Council's because the Pension Fund accounts form part of the overall Statement of Accounts, and so are concluded on and published together as a single document.

### ***Main Council audit***

- Planning work started on 17 October 2022
- We propose bringing our Audit Planning Report to the 28 November 2022 meeting of the Audit, Governance and Standards Committee
- Fieldwork is currently booked through to Christmas
- Quality review processes will be undertaken through January 2023
- We anticipate covering the 2021/22 Use of Resources work alongside the 2020/21 work, updating base arrangements as necessary between years, so that this element does not unduly delay finalising the audit
- Completion is currently aiming for the 27 March 2023 meeting of the Audit, Governance and Standards Committee, or potentially earlier

**David Eagles**, Partner and Engagement Lead  
For and on behalf of **BDO LLP**, Appointed Auditor

17 October 2022