



Status of the audit, and the reasons for the further delay.

On 1 December 2021 it was necessary to take the decision to defer presentation of the Council's Statement of Accounts for final approval, along with the Audit Completion Reports for the Council and Group and also the Pension Fund.

The two key components of this decision are:

- The point at which no further adjustments to the Statement of Accounts (other than minor edits of narrative) had not been reached. Delayed technical review findings had only been received on 30 November 2021 and the Chief Accountant did not then have sufficient time to work through the matters arising before the Committee papers circulation deadline at the end of 1 December 2021.
- Whilst the Audit Completion Report for the Pension Fund was issued in draft for discussion in accordance with the agreed timetable and was finalised in time for Committee papers distribution, the Audit Completion Report for the Council and Group was not and, at the point of drafting this update paper, was still not ready for issuing in draft for discussion and is therefore not finalised.

Technical review of the Statement of Accounts

The timing of this was later than originally planned partly due to Partner availability linked to Covid-delayed NHS audits and the impacts of implementing the new Code of Audit Practice approach to Use of Resources work and reporting, but also by technical team illness.

Unfortunately, by the time it became clear that the illness was not short term, identification and scheduling of a replacement reviewer only allowed for this to be completed in week commencing 29 November 2021.

As noted above, because of the lateness of the review and that the matters arising were not all only relating to minor narrative issues, the Chief Accountant did not then have sufficient time to respond to all issues and make necessary changes to the Statement of Accounts by the deadline set for Committee papers distribution. However, as at the point of drafting of this update paper, good progress has been made in collating responses to the review points during 1 December 2021, with a feedback meeting to discuss full responses on all of the points on 2 December 2021. Consequently, we would expect an updated Statement of Accounts to be finalised by 13 December 2021, and we will provide the latest position statement to the Committee.

Audit Completion Report for the Council and Group

Completion of the ACR was linked to achieving a sufficiently concluded position on the technical review and on audit work on valuations and income/grants to enable a meaningful narrative to be drafted, rather than what would effectively have been a progress report. The timing of both aspects was such that we could not complete the draft and issue for comments to the timeline that would have enabled finalising by end of 1 December 2021. More detail on relevant audit progress is set out below.

Status of the audit

As at 2 December 2021, the following matters remain in progress. We will provide a further update as at 13 December 2021 to the Committee:

- Specific matters which still need to be completed/concluded on:
 - Completion of land/building/investment property valuation procedures and review of response to consultation with our valuations team (covering methodologies and assumptions). The remaining work is concluding (i.e. we are virtually complete) and finalising documentation, rather than primary testing.
 - Clearance of remaining queries on evidence we have been provided on income and specific revenue grants, which we expect to clear on 3 December 2021
 - Receipt of documentation for a particular grant and enquiries of the legal team regarding contingencies and commitments
 - Receipt of third party confirmation of balances for one investment and one school bank account
 - Completion of expenditure cut off testing for October 2021

- Review and completion procedures:
 - Completion of partner, manager and quality control review of the audit file and clearance of review points
 - Clearance of points arising from the technical review of the unaudited statement of accounts (as referred to above) and review of final version of statement of accounts to ensure arithmetical accuracy, internal consistency and that agreed disclosure amendments have been correctly processed
 - Subsequent events review
 - Receipt of Letter of Representation, as approved and signed post presentation of Audit Completion Reports to Committee
- Misstatements
 - No material misstatements identified to date
 - One unadjusted misstatement of £9.7 million which affects the surplus on provision of services and has been agreed with the Council
 - Two adjusted misstatements - both classification issues in the top half of the balance sheet so no impact on bottom line

The summary of the above is that we are virtually complete on concluding fieldwork, but that the timing of this did not quite match the reporting and Committee papers distribution deadlines set.

Conclusion

The 2021 audit has been challenging to deliver, with issues including reduced interim work that we were able to deliver, illness, the longer-term impacts of Covid and remote working, and a continuance of the comparatively high level of assets valuations variances outside of tolerable variance parameters requiring further investigation. Council officers have, throughout, provided good quality working papers and support to the team.

We are, needless to say, immensely disappointed and frustrated to not be able to present our Audit Completion Reports and the outcome of the audits to the Committee on 13 December 2021 as agreed, recognising that this date was itself a deferral of the original timetable.

As noted above, we will provide a further update to the Committee on 13 December 2021, by which time we would expect the Statement of Accounts updates to be complete and therefore provide assurance to the Committee that there will be no further days in completing the audit.

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

2 December 2021