

STANDARDS AND AUDIT COMMITTEE – 29 FEBRUARY 2024

UPDATE ON EXTERNAL AUDIT (BDO)

Executive Summary

Attached is the Update on the External Audit from BDO.

Recommendations

The Committee is requested to:

RESOLVE That the update be received.

The Committee has the authority to determine the recommendation(s) set out above.

Background Papers: None.

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WOKING BOROUGH COUNCIL

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EXECUTIVE SUMMARY



REPORT PURPOSE

This report provides the Standards and Audit Committee with an update on the progress of our audit.

The paper also provides an update on wider developments in respect of a recently published consultation on proposed changes to the Accounts and Audit Regulations 2015 and the Code of Audit Practice, in connection with addressing the wider local audit backlog.



AUDIT PROGRESS

While we await the outcome of the recently published consultation by the Department for Levelling Up, Homes and Communities on changes to the Accounts and Audit Regulations 2015, and by the National Audit Office to the Code of Audit Practice, we have continued to progress on our 2019/20 audit.

We have previously reported to this Committee areas where there are limitations in the evidence available to support key areas of the financial statements, particularly around the group elements of the Council's financial statements.

Given these constraints, progress has been limited to assessing those elements of the financial statements where we have gaps in assurance and assessing the implications for our audit.

Work has also progressed on the work that we need to complete in order to complete our work on our value for money conclusion. We will issue our conclusion alongside our opinion on the Council's financial statements.

AUDIT PROGRESS AND FEES



AUDIT PROGRESS

Objection to 2019/20 financial statements

We have received and accepted an objection to the Council's 2019/20 financial statements, alleging that the Council's Minimum Revenue Provision policy is unlawful. We will conclude on this matter alongside our work on the financial statements and write to the objector setting out our findings.

AUDIT FEES

Audit Scale Fees

Public Sector Audit Appointments Limited (PSAA) previously set the scale fee for audits covering the periods 2019-20 to 2022-23 at £42,121 (net of any rebate given by PSAA for the 2022-23 year).

For our audit of the Council's 2019/20 financial statements, we will seek a variation to the 2019/20 scale fee, reflecting the additional work we have undertaken in relation to issues within the financial statements, including those issues around consolidation of subsidiary entities,. In seeking a variation to the fee, we will follow PSAA's approval process, which includes a further discussion and agreement with the Council.

PSAA will use its fee variation process to determine the final fees local public bodies will have to pay in relation to delayed audits.



SECTOR UPDATE

On 8 February 2024, a consultation was launched as part of a cross-system effort to address the backlog in local government audits across the sector. In summary:

- DLUHC is seeking views on changes to the Accounts and Audit Regulations 2015 to introduce backstop dates for the publication of audited accounts
- The NAO is seeking views on changes to the Code of Audit Practice to support auditors to meet backstop dates and promote more timely reporting of their work on value for money arrangements

Further details can be found [here](#).

Key elements of the consultation include proposals for:

- Auditors to produce a single commentary on value for money arrangements covering all outstanding periods up to 2022/23
- The consultation contains a proposed backstop date of 30 September 2024 for auditors to issue audit opinions, including modified or disclaimed opinions due to the backstop, for all periods up to and including 2022/23
- A series of backstop dates have been proposed for later periods of account.

We are continuing to consider and will discuss with the Council the implications of these for our outstanding audits.

To support the 'recovery' of the system, the CIPFA LASAAC Local Authority Code Board (CIPFA LASAAC) will consult on temporary changes to the Code of Practice on Local Authority Accounting to reduce burdens on those who prepare and audit local body accounts. These proposed changes include extending overrides on infrastructure assets, simplifying the professional revaluation of operational property, and reducing disclosure requirements around net pension assets and liabilities for at least 2 years.

FOR MORE INFORMATION:

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