



Report to the Standards and Audit Committee

WOKING BOROUGH COUNCIL

Audit Progress Report: year ended 31 March 2020

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On the following pages we have provided an update to the Audit Progress Report we presented to the meeting of the Standards and Audit Committee on 3 March 2022. This report is an integral part of our communication strategy with you, a strategy which is designed to ensure effective two way communication throughout the audit process with those charged with governance.

Since the last meeting of this Committee, we continue to make progress on the audit of the Council's single entity financial statements. On pages 4 and 5, we have highlighted those areas that were previously noted as outstanding, and on which our testing is now complete. We have scheduled a meeting with the Director of Finance to discuss the detailed findings from our audit work for 4 May 2022.

There does, however, remain some work outstanding on the significant risk areas, as noted in our previous report to the Committee. The most significant of these includes:

- Our consideration of the Council's legal advice in relation to its policy on its Minimum Revenue Provision. We understand that the Council are in the process of obtaining this advice, however this has not yet been provided to us. This impacts on a number of areas of our audit, including our consideration of going concern, and consideration of the Council's financial resilience (which we undertake as part of our use of resources responsibilities).
- We also need to complete our review of the work undertaken on the Council's wholly owned subsidiary companies, which were subject to audit by Hamlyns LLP. In completing this work, we will assess the recoverability of the loans made by the Council to its subsidiary's.



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements and use of resources. This report has been prepared solely for the use of the Standards and Audit Committee and Those Charged with Governance and should not be shown to any other person without our express permission in writing. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person. For more information on our respective responsibilities please see the appendices.

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At the conclusion of our audit we will issue an Audit Completion Report to the Audit and Standards Committee. This will set out the results of our audit of the financial statements and use of resources comprising: audit work on key risk areas, including significant estimates and judgements made by management, critical accounting policies, any significant deficiencies in internal controls, and the presentation and disclosure in the financial statements.

In the meantime if you would like to discuss any aspects in advance of, or subsequent to, the meeting we would be happy to do so.

We would also like to take this opportunity to thank the management and staff of the Council for the co-operation and assistance provided to date.

Steve Bladen

27 April 2022



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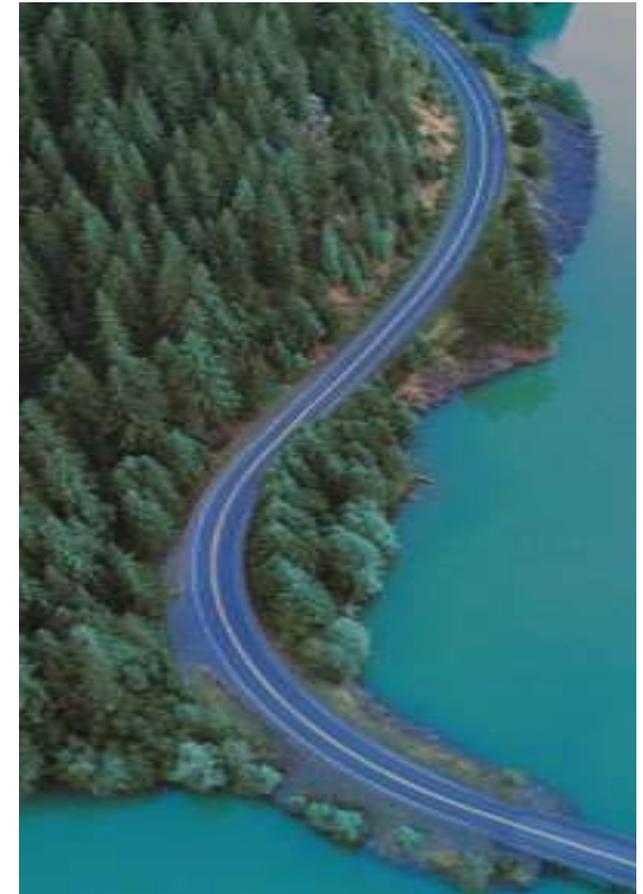
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Progress Update

Work substantially completed

Work on the following areas is now substantially complete. Items highlighted in blue have been completed since our last update to this Committee.

- Investments
- Accrued interest on receivables and interest income received
- Sample testing of credit notes
- **Borrowings**
- Grant receipts in advance
- VAT review
- Pensions liability
- Cut off testing across income and expenditure
- Recharges and overheads
- Grant Income received
- Testing on a sample of other income and expenditure items not tested elsewhere
- Journals
- Related party transactions
- **Cash & bank reconciliation**
- **Capital commitments**
- Asset existence
- Depreciation
- Assets transferred
- Operating leases
- Asset disclosure notes
- Asset disposals
- Assets under construction
- Expenditure completeness
- Interest payments
- Housing benefits expenditure
- Payroll
- Housing Revenue Account (including income and expenditure testing, system reconciliations, disclosures in the accounts)
- Cash flows statement
- Review of minutes
- **Repairs and maintenance**
- **REFCUS**
- **Income completeness**



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Work substantially completed

The following items are all work in progress with active requests and items under consideration by the audit team. This has been updated as of 25 April 2022 to reflect ongoing work completed. Items crossed through were noted as outstanding in our previous report to this Committee, but are now complete.

- ~~• Outstanding third party confirmations from London Borough of Hackney and Cornwall Council for borrowings;~~
- ~~• Bank reconciliation support;~~
 - IT general controls that is being carried out by our internal IT team;
- ~~• Valuations, including resolution of the Lightbox value;~~
 - Component auditor files review ;
 - Subsidiary loan recoverability;
 - Consideration of Council's legal advice on MRP Policy;
- ~~• Consolidation of the group accounts;~~
- ~~• Capital commitments disclosed in the accounts;~~
- ~~• Repairs and maintenance testing;~~
- ~~• Items recognised under REFCUS;~~
 - NNDR appeals provision;
 - Discounts and reliefs in the collection fund;
- ~~• Income completeness testing;~~
 - Rental income sample testing;
 - Payables sample testing;
 - PFI Liability testing;
 - Completion of subsequent events testing
 - Completion of technical and quality reviews by BDO Engagement Lead; and
 - Review of final draft accounts.