



Dorset Council Status Report

Issued on 12 November 2021 for the Audit and Governance Committee meeting on 15 November 2021

Partner introduction

The key messages in this report:

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our update report to the Audit Committee of Dorset Council (the Council) for the 2020/21 audit. The scope of our audit was set out within our planning report presented to the Committee in September 2021. I would like to draw your attention to the key messages of this paper:

Status of the audit

Our audit is in progress with the following principal matters still to be completed:

- journals testing – year-end top up (M10-12);
- review of accounting estimates (revaluations and the net pension liability);
- minute reviews of relevant meetings to the date of signing;
- value for money work programme;
- Property, Plant, and Equipment (PPE) note reconciliations;
- PPE revaluation substantive tests of detail testing;
- PPE impairment review;
- receipt of the IAS 19 letter from the Dorset Pension Fund Auditor;
- net pension liability testing and review;
- reserve notes including revaluation reserve and capital adjustment account;
- Covid-19 grant income substantive testing;
- payroll sample testing;
- expenditure sample testing;
- completion of a limited number of normal risk procedures;
- disclosure note testing;
- review of the updated financial statements;
- completion of internal quality assurance procedures relating to audit testing completed;
- our review of events since 31 March 2021 to date of signing; and
- receipt of signed management representation letter.

Due to unforeseen staff absences the work has not been completed by this Committee. We have agreed with management that we will collectively aim to complete the above before the Christmas break to enable sign off in the January Committee.

Partner introduction (continued)

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Value for Money

Our value for money work is ongoing as noted above and will be reported in the Auditors Annual Report, which will be completed within three months of the date of the issue of the audit opinion in line with the timeframe specified in the National Audit Office Auditor Guidance note 3.

Duties as public auditor

We have not identified any matters that would require us to issue a public interest report. We have not had to exercise any other audit powers under the Local Audit and Accountability Act 2014.

Significant risks (update)

Following the national conversations and work completed by the audit team assessing the Covid-19 grants received and administered by the Council in 2020/21, we have included an additional significant risk as part of our audit testing as follows:

Covid-19 grant income

Risk identified	In response to the Covid-19 pandemic the Council has received a significant amount of additional funding to support the operations of the Council and for the Council to pass onto other bodies. The Council is therefore required to consider the nature of these funds, and whether the Council is operating as an agent or principal. There is a risk that the Council has overstated the income from these Covid-19 grants within the comprehensive income and expenditure statement by incorrectly treating them as administered as a principal.
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Deloitte response	We will test the design and implementation of key controls in place around how the Council has determined the accounting treatment of additional Covid-19 related grants.
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We will review and challenge management's assessment of the treatment of the additional Covid-19 related grants.

We will consider the adequacy of disclosures in the financial statements, including accounting policies and where relevant critical accounting judgement and key sources of estimation uncertainty disclosures

We will select a sample of additional Covid-19 related grants where the Council has operated as the principal, and test that these:

- are appropriately recognised as income on the comprehensive income and expenditure statement, and
 - the amount of income recognised is complete and has not been overstated.
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