



# Status update report to the Audit and Governance Committee on the 2021/22 audit

**Issued March 27 for the Audit and Governance Committee meeting on 15 April 2024**

# Partner introduction

## The key messages in this report

I have pleasure in presenting our status report to the Audit and Governance Committee for the 2021/22 audit. The scope of our audit was set out within our planning report presented to the Committee in March 2024. I would like to draw your attention to the key messages of this paper:

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### Status of the audit

Our audit testing is progressing well. However, before we conclude our audit, we have a number of procedures that we are required to perform. We have listed below the outstanding procedures relating to our significant risk testing:

- **Management override of controls** – We have used our Spotlight analytic tool to identify a sample of journals of audit interest. These have been communicated to management and testing of these items is ongoing.
- **Completeness and accuracy of accrued expenditure** – We have undertaken our sample testing of accruals, post year end payments and post year end invoices, and this is now progressing through reviews.
- **Capitalisation of infrastructure and assets under construction** – We have selected samples which have been communicated to management and the testing of these items is ongoing.
- **Property valuations** - We are awaiting a response from the Council’s property valuers, Bruton Knowles, to queries raised by our internal property valuations specialist, Deloitte Real Asset Advisory, on the Council’s property valuations as at 31 March 2022.
- **Accounting for property valuations** – We have raised a number of queries regarding the accounting treatment with management who have provided responses which we are working through. Our testing is ongoing.
- **Valuation of the pension fund liability** - The Council has obtained a revised pension valuation as at 31 March 2022. This updated valuation takes into account updated membership numbers which were identified following the completion of the Pension Fund triennial valuation. The updated pension valuation has resulted in a material £17,805k increase in the net pension liability for the Council from £867,796k to £885,601k. As a result of the material movement, we have asked that the Council updates the accounts to reflect the updated valuation. We have also requested that our actuarial specialists review the updated pension valuation in order to review and challenge the assumptions used in the valuation. We are also awaiting a response to our IAS 19 letter from the pension fund auditors.

Other principal items to complete include our reviews of the updated financial statements, receipt of signed management representation letter, our review of events since 31 March 2022 through to the date of signing.

# Partner introduction

## The key messages in this report (continued)

In addition to the significant risk areas listed on the previous page, our audit testing is currently progressing through our internal quality reviews. This process will result in additional queries being raised on the testing that has been performed. We will provide any additional queries that require management's input promptly. However, until this process is complete we are unable to finalise our audit.

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### **Value for money**

Our Value for Money work is ongoing, and will be reported in our Auditor's Annual Report, which will be released in a combined report with the 2020/21, 2021/22 and 2022/23 years, in line with the National Audit Office Auditor Guidance Note 3.

From our work to date, we have not identified any significant weaknesses in the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources.

Our opinion will state that our Value for Money work is ongoing.

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### **National consultations**

On 8 February 2024, both DLUHC and the NAO issued consultations on the proposed measures that aim to deal with the backlog of audits that has developed within the local government sector. These proposals include the requirement for all local authorities to publish audited accounts for all years up to 2022/23 by 30 September 2024. In addition, under the proposals, auditors will also be required to report on value for money for all open years by 30 September 2024.

The outcome of the consultation has not yet been published, however we are working constructively with management and the Council's new auditors to plan for the potential impact of the outcome. This includes discussing realistically achievable timeframes and the potential scope of work that we will be required to complete.

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### **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.

**Ian Howse**  
Lead audit partner

# Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

## What we report

Our report is designed to help the Audit and Governance Committee and the Council discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA (UK) 260 to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work to date on key audit judgements and our observations on the quality of your draft Annual Report.
- Other insights we have identified from our audit.

## The scope of our work

Our observations are developed in the context of our audit of the financial statements.

## Use of this report

This report has been prepared for the Council, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

## What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the board.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

**We welcome the opportunity to discuss our report with you and receive your feedback.**

**Deloitte LLP**

Cardiff | 27 March 2024



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