



Addendum to the Audit Findings for West Lancashire Borough Council

Year ended 31 March 2020

25 May 2021



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Your key Grant Thornton
team members are:

Jon Roberts

Key Audit Partner

T: +44(0)117 305 7699

E: jon.roberts@uk.gt.com

Simon Hardman

Manager

T: +44(0)161 234 6379

E: simon.hardman@uk.gt.com

Ying Li

Assistant Manager

T: +44(0)151 224 7215

E: ying.li@uk.gt.com

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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 for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Update

This table summarises the latest position from the statutory audit of West Lancashire Borough Council ('the Council') for the year ended 31 March 2020 for those charged with governance.

<p>Financial Statements</p>	<p>In our report to the Audit and Governance Committee in January 2021 we reported that our work was substantially complete and that there were no matters of which we were aware that would require modification of our audit opinion or material changes to the financial statements. This conclusion was subject to the completion of several outstanding matters, set out in our January report, and the current position for each item is as follows:</p> <ul style="list-style-type: none"> • Receipt of management letter – <i>the management letter of representation is attached to this report and requires approval by the Committee prior to signing by the s151 Officer.</i> • Review of the final set of financial statements and annual governance statement – <i>we have completed a review of the latest version of the statement and amendments have been made as requested. We have identified that the Annual Governance Statement may need to be updated and we have asked for the External Audit Costs note to be updated.</i> • Final review of the work on property valuations – <i>the work has been completed and please refer to our January 2021 report on the financial statements for our detailed findings</i> • Testing of debtors and other income – <i>our work has been completed and only trivial issues were identified</i> • Testing of creditors and expenditure cut-off - <i>our work has been completed and only trivial issues were identified</i> • Testing of grants and grant income - <i>our work has been completed and no issues were identified</i> 	<p>As well as these issues we have also been required to update our consideration of the going concern assumption. As auditors we need to conclude on whether there is a material uncertainty about the entity's ability to continue as a going concern. As such, we requested an updated cashflow forecast for the period up to the end of June 2022 and confirmation from management that there are no issues beyond that date which may cast doubt on the Council's ability to continue as a going concern. We have no issues to raise from this review.</p> <p>Overall the audit has proven to be challenging. In our January report we raised a number of concerns relating to the practical problems we faced when undertaking the audit and the delays we encountered in receiving working papers. These delays have resulted in our work continuing in to May 2021 and are linked in to the 'except for' qualification on the VfM Conclusion.</p> <p>Given the issues encountered, the start of 2020-21 audit has been delayed. We have started our discussions with the Council's finance team and have a timetable in place to deliver our work. We are in the process of setting up monthly meetings with the finance team, with the aim being to minimise delays and queries during the audit process.</p> <p>The delays also resulted in our fee being substantially increased. The original planned fee was £40,384, however this had increased in January to £87,500. Given the additional unexpected time required to complete our work during February to May 2021, it is likely that we will be required to discuss a further fee increase with the s151 Officer for the 2019-20 audit. Please note that any additional fee variations above the original £40,384 scale fee will be the responsibility of PSAA as the appointing body to formally and independently determine.</p>
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Management letter of representation

[LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]

Grant Thornton UK LLP

2 Glass Wharf

Bristol

BS2 0EL

[Date] – {TO BE DATED SAME DATE AS DATE OF AUDIT OPINION}

Dear Sirs

West Lancashire Borough Council **Financial Statements for the year ended 31 March 2020**

This representation letter is provided in connection with the audit of the financial statements of West Lancashire Borough Council for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

1. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
2. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
3. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
4. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements.
6. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

Management letter of representation

7. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
8. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
9. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
10. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
11. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
12. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
13. We have updated our going concern assessment and cashflow forecasts in light of the Covid-19 pandemic. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements

Information Provided

14. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Council via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.
15. We have communicated to you all deficiencies in internal control of which management is aware.
16. All transactions have been recorded in the accounting records and are reflected in the financial statements.
17. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
18. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
19. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

Management letter of representation

20. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
21. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
22. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

23. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

24. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the financial statements.

Publication

25. We will provide the final version of the document(s) comprising other information prior to the publication by the Council.

Approval

The approval of this letter of representation was minuted by the Council's Audit and Governance Committee at its meeting on 25 May 2021.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Council

