

# West Lancashire Borough Council Audit Progress Report

Year ending 31 March 2021

October 2021



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# Introduction

Your key Grant Thornton team members are:

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Assistant Manager T 0151 224 7215 E <u>Ying.Li@uk.gt.com</u> This paper provides the Audit and Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <u>www.grantthornton.co.uk</u> ..

If you would like further information, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

# **Progress at October 2021**

## Financial Statements Audit

We undertook our initial planning and interim audit work for the 2020/21 audit in June and July 2021. We originally planned to begin our work on your draft financial statements in mid-October 2021. However there have been delays in the Council completing the draft financial statements. In our recent discussions with the finance team they have highlighted issues in relation to the completion of group accounts as one of the causes of delays. Changes in the finance team may have also impacted on the delivery of the accounts.

Our understanding is that we will not receive the draft financial statements until November. This impacts on the resources profile we originally had planned so as a consequence, at this time we are unable to confirm when our audit will start or give a specific completion date. Once we receive the full draft statement of accounts, we will agree a timetable with the Council's finance team and update Committee Members.

In July we issued a detailed audit plan, setting out our proposed approach to the audit of the Authority's 2020/21 financial statements.

The Accounts and Audit (Amendment) Regulations 2021 pushed back the date by which principal authorities need to publish their draft financial statements to the first working day of August. The date by which authorities are required to publish audited financial statements is 30 September. The Council has published the required notice recording the delay in publishing the audited accounts on their website.

## Value for Money

The new Code of Audit Practice (the "Code") came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code is the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay. We issued this letter to the Chair of the Audit and Governance Committee in September.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline is now no more than three months after the date of the opinion on the financial statements.

# Progress at October 2021 (cont.)

### Other areas

### Certification of claims and returns

The certification work for 2020/21 claims is due to begin in December 2021. Our work includes the certification of the Housing Benefit Subsidy Claim and the Pooling of Housing Capital Receipts Return.

### Meetings

We met with Finance Officers in September as part of our regular liaison meetings. We have arranged a further meeting to discuss specific technical issues in relation to the preparation of the financial statements in October.

We also plan to meet with your Chief Executive in October to discuss the Authority's strategic priorities, plans and challenges.

### Events and publications

We provide a range of workshops, along with network events for members and publications to support the Authority. We will keep the Council updated on events and recently sent through a number of publications to your finance team to assist with governance and technical issues.

## Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2020/21 is the third year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in 2018/19 and 2019/20 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We have discussed this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, and have communicated with the Audit Committee. through our audit plan.

We are still discussing our final 2019/20 audit fee with the s151 Officer and PSAA and will update the Committee as these discussions progress.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

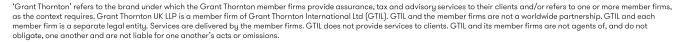
## **Audit Deliverables**

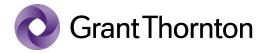
2020/21 Deliverables	<b>Planned Date</b>	Status
Audit Plan We are required to issue a detailed audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Authority's 2020/21 financial statements and the Auditor's Annual Report on the Authority's Value for Money arrangements.	July 2021	Complete and reported to the July 2021 Audit and Governance Committee
Interim Audit Findings	To Be Confirmed (TBC)	Not yet due
We will report to you the findings from our interim audit and our initial value for money risk assessment within our Audit Findings Report.		
Audit Findings Report	TBC *	Not yet due
The Audit Findings Report will be reported to the Council in November 2021.		
Auditors Report	TBC *	Not yet due
This is the opinion on your financial statements.		
Auditor's Annual Report	TBC **	Not yet due
This Report communicates the key issues arising from our Value for Money work.	·	-

\* As set out earlier in this report we will confirm the timetable once the draft accounts are received.

\*\* Due three months after the Auditor's Report has been issued

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